Daily Report

Latin America

FBIS-LAT-96-016
Wednesday
24 January 1996

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FBIS-LAT-96-016 *24 January 1996*

CONTENTS

CARIBBEAN

Cuba

TV Notes Cuban-Americans' Arrest by U.S. Coast Guard *[Havana TV]* 1
Engineer: Cuban Sugar Mill Accident Due to Old Equipment *[Havana Radio]* 1

MEXICO

Mexico To Retaliate If U.S. Retains Trade Restrictions *[EL FINANCIERO 23 Jan]* 2

CENTRAL AMERICA

Costa Rica

Costa Rican Minister: U.S. Import Limits 'Unacceptable' *[AFP]* 3

El Salvador

Salvadoran Defense Minister on U.S. Army Exercises *[San Salvador TV]* 3
Salvadoran President Receives Award for Peace Efforts *[EL DIARIO DE HOY 12 Jan]* 4
Salvadoran President on Anniversary of Peace Accords *[COLATINO 16 Jan]* 5

Guatemala

Guatemalan President Believes Signing Peace 'Possible' *[PRENSA LIBRE 10 Jan]* 5
Guatemalan Foreign Ministry To Work 'Closely' With Copaz *[LA REPUBLICA 18 Jan]* 6
OAS Head 'Satisfied' With Guatemalan Electoral Process *[PRENSA LIBRE 15 Jan]* 6
Guatemalan Finance Minister Views Current Situation *[SIGLO VEINTIUNO 11 Jan]* 7
Guatemalan 1st High Command Changes Announced *[Media Note]* 7

Honduras

Honduran Private Sector, Economic Council Unveil Plan *[Tegucigalpa Radio]* 8

Nicaragua

Nicaraguan Finance Minister Comments on Money Laundering *[EL NUEVO DIARIO 6 Jan]* 9
Nicaraguan Assembly President Explains Plans for Final Year *[Managua TV]* 9
Nicaragua's Assembly President on Parliamentary Alliance *[EL SEMANARIO 18 Jan,* 10
Nicaraguan Group Orders Statement Against Drugs, Crime *[LA PRENSA 17 Jan]* 12

Panama

Paper Carries Panamanian Bill Granting General Amnesty *[EL PANAMA AMERICA 5 Jan]* .. 12
Panamanian Assembly President Views Amnesty Draft Bill *[LA PRENSA 6 Jan]* 13
Panamanian Minister on PRD Differences Over Amnesty Law *[Panama City TV]* 14
Human Rights Committee in Panama Opposes Amnesty Bill *[Panama City TV]* 14
Report on Presidential Concerns Over Panamanian Amnesty Bill *[EL UNIVERSAL DE PANAMA 12 Jan]* 14
Panama's President Invites Striking Doctors To Negotiate *[Panama City TV]* 15
Panamanian President Discusses Doctor Strike *[Panama City TV]* 16

SOUTH AMERICA

Argentina

Argentina's Menem Calls For Buenos Aires Elections *[NOTICIAS ARGENTINAS]* 18

Argentina's Menem Congratulates 'Arafat on Victory *[TELAM]* 18
Argentina's Menem on Arrest of Murderer of Chilean General *[NOTICIAS ARGENTINAS]* ... 18
Argentine Congress To 'Override' Regulation of Patent Law *[NOTICIAS ARGENTINAS]* 19
Argentine Industry Secretary on Auto Pact With Brazil *[NOTICIAS ARGENTINAS]* 20
Argentina Signs Automobile Trade Pact With Brazil *[NOTICIAS ARGENTINAS]* 21
Argentine Minister on Common Automotive System Pact *[TELAM]* 22
'Main Points' of Argentina's Auto Accord With Brazil *[NOTICIAS ARGENTINAS]* 22
Editorial Views Argentina's Border Dispute With Chile *[CLARIN 21 Jan]* 23
Argentine Police: Ex-Italian Official Arrested for Murder *[TELAM]* 23
Loss of Initiative by Argentine Labor Seen in 1995 *[CLARIN 26 Dec]* 24
Argentine Labor Issues, Study on Disputes Viewed *[LA NACION 5 Jan]* 25
'Pitiful' State of Argentine Armed Forces Criticized *[LA NACION 3 Jan]* 26

Bolivia

Bolivian Minister on CIA Group Visit, Drug Enforcement *[Madrid EFE]* 27
Bolivian Commander Denies Connection With CIA Efforts *[La Paz Radio]* 28
Bolivia To Appeal U.S. Decision on Paz Zamora's Visa *[Madrid EFE]* 28
Bolivian Daily Views U.S. Handling of Visa Issuances *[PRESENCIA 16 Jan]* 29
Bolivian Foreign Minister Views Antidrug Efforts, U.S. Aid *[La Paz Radio]* 29
Bolivian Court Authorizes Extradition of Drug Traffickers *[PRESENCIA 11 Jan]* 30
Bolivia Issues Decree on Impoundment of Drug Assets *[PRESENCIA 23 Dec]* 30
Peruvian MRTA Member Comments on Abduction in Bolivia *[Madrid EFE]* 30

Brazil

Brazilian Senator To Report on Sivam Loan Issue *[JORNAL DO BRASIL 23 Jan]* 31
Brazilian Senator Predicts 'Narrow' Sivam Approval *[AGENCIA ESTADO]* 31
'War' Climate in Brazilian Senate Over Patent Bill *[AGENCIA ESTADO]* 32
Brazil's Santa Catarina Governor Discusses Reforms *[O ESTADO DE SAO PAULO 13 Jan]* . 33
Roundup of Brazilian Economic Reports Through 19 Jan *[GAZETA MERCANTIL 16 Jan, etc.]* 35
Continuing Reform of Brazilian Financial System Viewed *[VEJA 10 Jan]* 37
First Brazilian Banerj Branches Closed *[JORNAL DO BRASIL 18 Jan]* 38
Privatizations Planned in Brazil Through 2d Quarter *[GAZETA MERCANTIL 3 Jan]* 38

Chile

Chilean Negotiations With EU To Begin in Mar *[EL MERCURIO 18 Jan]* 39
Chile's Insulza Urges Fulfillment of Miami Summit Agenda *[EL MERCURIO 20 Jan]* 39
Chile's Insulza on Peru Position on Lima Conventions *[EL MERCURIO 20 Jan]* 40
Chile's Insulza Views Argentine Official's Remarks *[EL MERCURIO 20 Jan]* 40
Chile's Insulza Concerned Over Failure of Trade Talks *[EL MERCURIO 22 Jan]* 40
Chilean Businessmen Hope To Increase Investments in Cuba *[ESTRATEGIA 18 Jan]* 40
Chilean Party: No Accord With Government on Reform *[EL MERCURIO 8 Jan]* 41
Chilean Party Urged To Honor Reforms, Human Rights *[Santiago TV]* 42
Chilean Party To Review Support of Human Rights Plan *[EL MERCURIO 12 Jan]* 43
Chilean Armed Forces, Carabineros Against Rights Bill *[EL MERCURIO 10 Jan]* 43
Chilean Administration Not To Withdraw Rights Bill *[EL MERCURIO 11 Jan]* 44

Colombia

Colombia's Botero: Samper 'Aware' of Cali Funds *[Santa Fe de Bogota TV]* 44
Colombia's Botero Links Samper, Drug Money 'Cover-Up' *[Mexico City TV]* 48
Colombia's Samper Not To Resign, Considers Referendum *[Santa Fe de Bogota Radio]* 49
Colombia's Pardo Believes 'Pressure' Influenced Botero *[Santa Fe de Bogota Radio]* 52

Colombia's Serpa Interviewed on Botero Allegations *[Santa Fe de Bogota Radio]* 56
Colombian Prosecutor General's Office Remains Silent *[Santa Fe de Bogota Radio]* 59
Colombian Political Reaction to Botero's Statements *[Santa Fe de Bogota TV]* 59
Colombian Representative To Summon Committee Members *[Santa Fe de Bogota TV]* 59
Colombian Students Demand President's Resignation *[Santa Fe de Bogota TV]* 60
Colombia's Vice President Issues Communique *[Santa Fe de Bogota Radio]* 60
Colombian Ex-Presidential Candidate: Samper Must Resign *[Santa Fe de Bogota Radio]* 60
Colombian Presidential Candidate Asks Samper To Resign *[Santa Fe de Bogota TV]* 60
Colombian President Summons Congress for Special Sessions *[Santa Fe de Bogota Radio]* ... 61
Colombia's Samper To Announce Measures To Guarantee Governability *[Santa Fe de Bogota TV]* 61
Colombian Poll: 49 Percent Believe Botero *[Santa Fe de Bogota TV]* 61
Colombian Poll: 52 Percent Say Samper Must Resign *[Santa Fe de Bogota TV]* 61
Dollar Rises in Colombia After Botero's Statements *[Santa Fe de Bogota TV]* 62
Colombian Health Minister Resigns Over Circumstances *[Santa Fe de Bogota Radio]* 62
Colombian Official in Samper Campaign Claims Innocence *[Santa Fe de Bogota TV]* 63
Colombian Congress Calls Special Sessions for Next Week *[Santa Fe de Bogota TV]* 63

Ecuador

Ecuador's Pena Notes Meeting With Presidential Candidates *[Madrid EFE]* 64
Ecuador Weighs Peruvian Proposal on Arms Purchases *[Quito Radio]* 64
Ecuador Supports Arms Purchase Oversight by 3d Parties *[Quito Radio]* 64
Ecuador's Economic Stabilization 'Possible' in 1996 *[EL COMERCIO 2 Jan]* 65
Petroecuador Announces Pipeline Expansion *[HOY 11 Jan]* 65
Ecuador's Implementation of 'Living Borders' Policy Urged *[EL COMERCIO 12 Jan]* 66

Peru

Peru's Foreign Minister Views Talks With Ecuador *[Lima TV]* 66
Peru To Negotiate Extended Agreement With IMF *[Lima TV]* 67
Peru's Opposition on Possible Reelection of President *[Madrid EFE]* 67
Poll: Support for Peru's President 70 Percent in Jan *[Madrid EFE]* 68
Congressman Views Peruvian President's Reelection Plans *[Lima TV]* 68

Uruguay

Uruguayan Generals Support Designated Army Commander *[TELAM]* 69
Uruguay Rejects Death Penalty for Traffickers in Mercosur *[NOTICIAS ARGENTINAS]* 69

Venezuela

Venezuelan Students Clash With Riot Police *[AFP]* 70
Colombia's Cordiplan Minister Views Fluctuation Band System *[Caracas TV]* 70
Venezuelan Labor Minister on Workers' Benefits *[EL UNIVERSAL 14 Jan]* 70
Venezuelan Party Hopes For Political Change in Cuba *[EL GLOBO 16 Jan]* 72
Czech Republic To Import, Market Venezuelan Orimulsion *[ECONOMIA HOY 16 Jan]* 73

Cuba

TV Notes Cuban-Americans' Arrest by U.S. Coast Guard

PA2401033696 Havana Cubavision Network in Spanish 0100 GMT 24 Jan 96

[From the "NTV" newscast]

[FBIS Translated Text] A U.S. Customs patrol today arrested five Cuban—Americans aboard a fishing boat off the Florida coast. These Cuban-Americans had weapons and explosives and were presumably heading for Cuba. The group was intercepted 2 km from Marathon Key and approximately 70 km from Key West.

Questioned by U.S. Customs officers, the Cuban-Americans admitted they were counterrevolutionaries. On board the vessel, the officers found detonators, ammunitions, rifles, chemicals to blow up buildings, and documents on how to manufacture explosives and on possible implementation plans in Cuba.

Engineer: Cuban Sugar Mill Accident Due to Old Equipment

PA2301133196 Havana Radio Rebelde Network in Spanish 1800 GMT 16 Jan 96

[From the "National Radio News" program]

[FBIS Translated Text] Fortunately, only one worker was injured in the Havana Libre mill accident. The mill is scheduled to resume operations within 24 hours. Engineer Anaye Hernandez, sugarcane harvest chief for Havana Province recently spoke about the accident. He said that the accident was caused when the large wheel which turns at very high speed broke down. The Havana Libre mill is among the mills in Cuba with components which are over 100 years old. This big wheel must have become fatigued and gave up. Fortunately, the only worker injured is out of danger. Engineer Anaye Hernandez assured us that the mill will be back in operation in 24 hours with the same quality of operation which has marked the performance of this mill for many years.

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Costa Rica

Costa Rican Minister: U.S. Import Limits 'Unacceptable'

PA1901130196 Paris AFP in Spanish 2049 GMT 18 Jan 96

[FBIS Translated Text] San Jose, 18 Jan (AFP) — Foreign Trade Minister Jose Rossi said today that the Costa Rican Government finds U.S. attempts to restrict textile imports, particularly underwear, from this Central American country unacceptable.

"The textiles issue is subject to international agreements. Restrictions are unacceptable, unless it is proven that our exports are harming U.S. industry," the government official told a news conference. Rossi explained that pressure from large multinational companies — which he did not name — to have the United States condition the import of textiles to clothing manufactured with U.S.-made raw materials (fabrics) is motivating U.S. authorities to take action. Rossi warned: "The Costa Rican Government bases its foreign trade policies on what is best for the country in the short, medium, and long term and not on what is convenient for multinational companies in the United States. We reject this imposition."

The United States imposed a quota of 14.4 million pieces of underwear on Costa Rica in March 1995. This quota expires in March 1996. However, Rossi disclosed that U.S. trade authorities have voiced their intention to reduce this quota to only 7 million pieces in 1996. The Costa Rican minister complained that the United States is treating Costa Rica in an utterly discriminatory fashion regarding textile matters, because the quotas imposed on other countries have been increased significantly compared to previous years.

Costa Rica has requested bilateral consultations as a step previous to the summoning of a panel of experts from the World Trade Organization, which would act as an arbitrator in the conflict.

Rossi maintained that the Central American country does not recognize that the United States has a right to set quotas on its textile imports; however, in any case, his country is always willing to consider the issue as long as the possibility of increasing its exports is guaranteed.

El Salvador

Salvadoran Defense Minister on U.S. Army Exercises

PA1401034096 San Salvador Teleprensa Television in Spanish 1825 GMT 9 Jan 96

[Interview with Defense Minister Division General Jaime Guzman Morales by Jose Luis Solorzano in San Salvador — live relay]

[FBIS Translated Text] [Solorzano] You practically took office as defense minister after you were sworn in. What is your outlook now that you have become the head of the Armed Forces?

[Guzman] It should be noted that I was a member of prior, high military echelons. Division General Humberto Corado was the defense minister, and I was chief of the Joint General Staff. We actually shared our plans and worked together. Today I am taking office as defense minister, and Brigadier General Mauricio Isaac Duke Lozano is taking office as chief of the Joint General Staff. There should be continuity in our work; therefore, we expect to continue implementing the plans that were already established.

[Solorzano] In this regard, what do you believe are the challenges you will encounter as head of the Armed Forces from this day onward?

[Guzman] The modernization of the Armed Forces is a challenge. In my opinion, we are undergoing a democratic process, and the Armed Forces should play a role in it. For this purpose, we should faithfully comply with the mandates established in the Constitution of the Republic.

[Solorzano] Now that you have become defense minister, how will you continue certain programs, other plans, such as (Arce) 2000, that have been initiated but are still pending, to begin within a few days, as well as other security programs such as [word indistinct] and guardian plans?

[Guzman] There are various programs. We will continue to give our support to the National Civilian Police to provide security in rural areas during the coffee harvest as long as the president so orders. We will also initiate the important Fuertes Caminos with the U.S. Army. We will build eight schools and six wells in Morazan and La Union; thus, we are working on various projects such as (Arce) 2000, which is a modernization plan that we should analyze and examine the proposals to determine their possible implementation in the future.

[Solorzano] When will this program with the U.S. Army begin?

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[Guzman] It will begin today, in February and will end in late March. [sentence as heard] We will work for two months with the U.S. Army. We intend to cooperate with the Salvadoran Government's development plans.

[Solorzano] How many members will the Salvadoran Armed Forces and U.S. Army use during this plan?

[Guzman] The U.S. Army will provide about 400 military engineers, and El Salvador will provide a similar number.

[Solorzano] Will the U.S. Army bring its own equipment and tools necessary to finish this work?

[Guzman] The schools require masonry work, because several have stories. The U.S. Army is planning to acquire all the material here in El Salvador; therefore, their money will enter the Salvadoran economy. It will bring specialized machinery to build wells.

Salvadoran President Receives Award for Peace Efforts

PA2201202296 San Salvador EL DIARIO DE HOY in Spanish 12 Jan 96 p 77

[Address by President Armando Calderon Sol at a ceremony to receive the "Golden Q" award from the Francisco Marroquin University of Guatemala in San Salvador on 12 January]

[FBIS Translated Text] Ladies and Gentlemen:

I am happy to extend to you the most cordial and warmest welcome to this Government House. I hope our Guatemalan brothers will enjoy a pleasant stay in our country.

It is an honor and special satisfaction to receive the "Golden Q" award which has been kindly granted to me at the Central American level by the Francisco Marroquin University of the sister republic of Guatemala through the Systems Engineering, Computer Technology, and Computer Science School. I express my thanks through its honorable dean, Dr. Eduardo Cofino.

I also receive this award on behalf of the Salvadoran people because the consolidation of peace, the strengthening of democracy, and the overall development of our country are the result of everyone's effort.

When I took office as president, I stated my commitment to give priority to the achievement of such high objectives, within a state of law in which justice will prevail and human beings are the principal objective of political, economic, and social development.

Our administration promotes the conditions so that the attainment of peace and democracy will bring about the strengthening of the republic's new institutions with the objective of consolidating the process of social reconciliation and achieving better living conditions for the Salvadoran people.

Within those parameters, we have achieved, among other things, the fulfillment of nearly all the peace agreements; we have fostered broad debate of national issues to strengthen a culture of democracy and to find solutions through peaceful means; we have strengthened economic development by guaranteeing free enterprise to combat poverty and make El Salvador a country of opportunities for everyone; and we have made education and health a priority as the main tools for human development and to obtain greater participation of our country in the Central American integration process, as well as its entry into the arena of world economic globalization.

As for education, we are pleased to state we are successfully promoting a comprehensive educational reform to face the challenges that the next century poses in all sectors of life. Our emphasis is found in preparing individuals to play an active role in their own progress and future. We believe scientific and technological development is necessarily imperative to achieve overall development.

I wish to take advantage of this valuable opportunity to also stress as a significant aspect the integration process the sister countries of Central America are promoting with the basic objective of encouraging the regional economic productivity and competitiveness that will enable us to hold a significant place in the globalization of the international economy and achieve better living conditions for our peoples.

Honorable Dr. Eduardo Suger Cofino:

I express to you my thanks for your brilliant words and I express my appreciation to the Francisco Marroquin University for awarding me the "Golden Q" prize, a distinction I receive with special satisfaction and as a recognition of the efforts the Salvadoran people are making to consolidate peace, democracy, economic development, and social progress. This distinction is even more significant because it comes from one of the most prestigious universities of America, one that has distinguished itself for its permanent struggle in defense of freedom.

Thank you very much.

[Dated] 12 January 1996

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Salvadoran President on Anniversary of Peace Accords

PA2201201896 San Salvador COLATINO in Spanish 16 Jan 96 p 2

[By Maria T. Perez]

[FBIS Translated Excerpt] "We have almost fully honored the commitments the government made," President Armando Calderon Sol said today at the Peace Monument during the ceremony marking the fourth anniversary of signing of the peace agreements.

Four years after the signing of these peace agreements, which put an end to 12 years of war in this country, there is little to be done on the path toward compliance with these agreements, the Salvadoran president added.

Likewise, Calderon Sol pointed out that serious difficulties have been faced on the path toward compliance due to the dissatisfaction of certain sectors, which makes us face a climate of confrontation. "We must always seek the paths toward the necessary peace and consensus on the problems that loom over the nation," he affirmed.

"The process continues and will continue, because this is the sovereign decision of the Salvadoran people," he assessed. Likewise, he made a call to always remember the tragedy of war, which left approximately 70,000 people dead, in order never to relive the experience.

"The signing of the peace agreements not only allowed the end of the conflict but also the establishment of a frame of reference to proceed with constitutional reform through democratic mechanisms in order to strengthen a democratic state," the president also said.

In addition, he praised the institutions that emerged from the peace agreements, including a pluralistic Legislative Assembly, which is an institution in which issues of national interest are discussed with absolute honesty and freedom, and the Supreme Court of Justice, which was democratically elected and which is taking firm steps in the administration of a justice system that safeguards the validity of a state of law.

He also mentioned the Prosecutor's Office for the Defense of Human Rights [Procuraduria para la Defensa de Derechos Humanos] (PPDH) and the National Civilian Police (PNC), which, according to Calderon Sol, have contributed to creating "a healthy atmosphere for the consolidation of democracy, peace, and the reconstruction process."

He justified the lack of compliance with the issues pending: "We know that there are serious problems to resolve due to the limited resources and the transition from war to peace. it is a very complex phase. Things cannot just happen overnight." [passage omitted]

Guatemala

Guatemalan President Believes Signing Peace 'Possible'

PA1301011296 Guatemala City PRENSA LIBRE in Spanish 10 Jan 96 p 6

[FBIS Translated Text] President Ramiro De Leon Carpio yesterday said that it is possible for the next government to sign the peace agreements with the Guatemalan National Revolutionary Unity, URNG, in less than seven months, as President-elect Alvaro Arzu Irigoyen has stated.

These matters concern the new president; however, it is feasible for his government to sign the agreement in less than seven months, De Leon pointed out during an interview he granted at 1100 hours at Las Canas hill after he inaugurated the repair works of this tract of road that runs from Guatemala City to Antigua Guatemala.

Arzu pledged to sign the peace agreements with the URNG before August. De Leon said this was possible as long as the guerrillas cooperate.

The PDH [Office of the Human Rights Ombudsman] Also Believes It Is Possible

Human Rights Ombudsman Jorge Mario Garcia Laguardia also assessed that Arzu's pledge is *possible*, especially if we take into consideration that the talks are *well advanced*. He pointed out that *we also have to say that the international community is tired of confrontations and will now exert more pressure to sign the agreements*.

Garcia underscored that, as the human rights ombudsman, he is committed to expedite the peace process to prevent more Guatemalans from dying.

Minister Supports Indefinite Cease-Fire

Defense Minister General Marco Antonio Gonzalez Tarracena maintained that the fact that the peace signing could occur in the next seven months does not mean that the armed confrontations will continue.

The Army is proposing an indefinite or permanent cease-fire, which will prevent the new generations from continuing to die in vain, he added during an interview at 1000 hours at Las Canas hill.

However, Gonzalez asserted that it is up to the new president and the members of the Peace Commission, Copaz, to set the dates when the talks will end.

The ODHA [Archbishopric's Human Rights Office] Points To Loss of Credibility in the Process

ODHA Director Ronald Ochaeta yesterday urged the government and the URNG to sign a peace agreement

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as soon as possible before the negotiation process starts losing credibility and urgency among the population.

As the seven-month period Guatemalan President-elect Arzu set to reach an agreement with the rebel leadership begins, Ochaeta affirmed that such an initiative is praiseworthy, but that it depends on the other side too.

What is true is that peace is necessary in Guatemala, whether we reach it in seven months or more, Ochaeta pointed out as he recalled that many problems currently prevailing in Guatemalan society could obscure the significance of the peace agreements. In this regard, he explained that while the problems of the rural sector deal with the economic situation, security is the main problem to be solved in the urban sector.

The changes the new government will make in the commission negotiating peace are part of its policies; however, the profile of the new negotiator will have to be similar or better than that of Hector Rosada, he assessed.

The GAM [Mutual Support Group] Disagrees with Copaz Changes

Nineth Montenegro, GAM leader and deputy-elect for the New Guatemala Democratic Front, FDNG, said she was pleased with the future government's resolve to reach a peace agreement with the guerrillas within the stipulated timeframe.

However, she indicated that it would be beneficial if those who have led the talks on the government side could continue in their posts. According to Montenegro, giving continuity to the person who is familiar with the talks and who, in addition, knows the manner in which to establish relations with the rebel leadership and the Civilian Society Assembly, ASC, would be bold.

In her opinion, it is important for the new Copaz coordinator to immediately establish relations with the guerrilla commanders, so that, together, they can decide on the agreements to do away with the domestic armed conflict.

She also underscored that the new official is compelled to call for a national consensus, especially with the economic and political authorities, in order to make the conclusion of the already-reached agreements viable.

Guatemalan Foreign Ministry To Work 'Closely' With Copaz

PA2001162296 Guatemala City LA REPUBLICA in Spanish 18 Jan 96 p 3

[FBIS Translated Text] Guatemalan Foreign Minister Eduardo Stein has reported that, on President Alvaro Enrique Arzu's instructions, the Foreign Ministry will work closely with the Peace Commission [Copaz].

Stein also reported that UN Under Secretary General Marrack Goulding is scheduled to arrive in Guatemala on Thursday or Friday of next week. "President Arzu has asked the Foreign Ministry to become directly involved in the peace process and to work closely with Copaz to coordinate the actions to be implemented. This does not mean the foreign minister will also sit at the negotiations table. His specific function will be to monitor the process," Stein said.

He continued to explain that Copaz will not be under the Foreign Ministry's authority because the Foreign Ministry's role in the peace process will be of a different nature and on a diplomatic level.

There are specific reasons for the executive's decision. Stein recalled that, when the dialogue was initiated, the negotiation was slow because it involved direct talks between the government and the guerrillas. "When the church determined that it was impossible to continue, the United Nations was asked to act as mediator. When a group of friendly countries was created, the dialogue became internationalized. Consequently, the Foreign Ministry plays an important role."

He also said that the process of summoning the United Nations has not yet officially begun and that, in this context, Goulding, who is in charge of political affairs and the supervision of the Guatemalan situation, will visit Guatemala next week.

Regarding Hector Rosada Granados' irrevocable resignation as Copaz chairman, Stein said that, although he has not been informed of this decision, the resignation is not effective because the negotiations with the rebels have not been resumed.

OAS Head 'Satisfied' With Guatemalan Electoral Process

PA1801011396 Guatemala City PRENSA LIBRE in Spanish 15 Jan 96 p 6

[FBIS Translated Text] Cesar Gaviria, OAS secretary general and former president of Colombia, said yesterday the international organization is satisfied with the behavior of the Guatemalan Government and institutions during the electoral process and transfer of power.

He stressed that he was especially pleased by the behavior of the Guatemalan people, who gave an example of good civic conduct, which now allows them to have a president who was legitimately elected and is the result of the people's will.

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He added that the OAS will continue offering the necessary support to Guatemala, mainly on matters dealing with cooperation to strengthen democracy, as it will also do at the Central American level.

We also hope that the peace process in Guatemala advances rapidly and an agreement is reached to allow the incorporation of guerrillas into civilian life. The OAS will be present in the country during the phase following the signing of the peace agreement, which includes the disbanding of armed forces, so that people can become accustomed to peace, he added.

Guatemalan Finance Minister Views Current Situation

PA1501011596 Guatemala City SIGLO VEINTIUNO in Spanish 11 Jan 96 p 6

[FBIS Translated Text] Finance Minister Ana Ordonez de Molina delivered her report on the financial situation that the new government will face on 10 January, noting that the foundation has been laid for strengthening [saneamiento] public finances.

Revenues for fiscal year 1995 totaled 7.319 billion quetzals, of which 6.686 billion quetzals was collected in taxes. This amount is in keeping with the goals set in the IMF Shadow Agreement [acuerdo sombra].

The amount of revenues represents a 32.3-percent increase compared to 1994, which implies a tax collection of 1.6324 billion quetzals and a tax assessment of 7.8 percent [el monto de ingresos representa un incremento de 32.3 por ciento respecto a 1994, que significa una recaudacion de Q1.632.4 millones y una carga tributaria de 7.8 por ciento].

The government received $1.2255 billion from foreign sources between 1993 and 1995, of which $616.5 million have already been contracted and $609 million are in the final stage of negotiation.

Public spending was maintained at an average of 11.2 percent, which the minister interpreted as a sign that the state structure is still registering a steady trend.

Investment expenditures registered an increase of 11.3 percent compared to operating expenditures, which rose 8.5 percent. Meanwhile, the public debt jumped 7.3 percent.

The official said that the government recorded unprecedented levels of investment: A total of 2,155,473 million quetzals was invested in 12,649 small/large works [pequenos grandes obras], mostly in rural areas.

Social funds accounted for approximately 21 percent of the total amount of investment. The constitutional contribution to the municipalities represented 22 percent of total investment, totaling 1.022 million quetzals in absolute terms.

Ordonez de Molina repored that tax revenues for 1995 climbed 173 percent compared to 1994, with collection figures rising to 1.817 billion quetzals.

The fiscal deficit dropped to 338.5 million quetzals at the close of 1995 — 0.4 percent of gross domestic product — while it reached 1.5 and 1.4 in 1993 and 1994, respectively.

The domestic and foreign public debt increased at an average rate of 2.1 percent between 1992 and 1993, whereas this rate reached 2.9 percent between 1994 and 1995.

The finance minister termed the results positive and confirmed that, contrary to what the Bank of Guatemala indicated at the end of 1995, fiscal policy did not pressure monetary policy, thus laying solid foundations for the strengthening of public finances.

Ordonez de Molina said that Congress voting down government's handling of funds during fiscal year 1994 lacks legal validity, arguing that a legislative decree is necessary to make it valid.

She said that the decision by the deputies was the result of some sort of revenge on the part of the Guatemalan Republican Front, the party that claims the system was against it in the past general election and sees the Finance Ministry as part of the system.

A total of 41 deputies in Congress voted down a report on how money was spent during fiscal year 1994 on 9 January, noting irregularities in the handling of the resources assigned to several autonomous and semiautonomous organizations.

Guatemalan 1st High Command Changes Announced

96P20236A

[FBIS Media Note] President Arzu has announced the first changes to the Military High Command. General Fidencio Otzoy Colaj, deputy defense minister, was replaced by General Cesar Garcia. General Jose Oracio Sota Salam, inspector general of the Army, was reassigned; no replacement was named. General Miguel Angel Calderon replaced General Luis Felipe Miranda Trejo as commander of the High Command, and Colonel Hugo Aguilar Barillas replaced General Florencio Castellanos as commander of the Honor Guard. General Mauricio Rodriguez, commander of the Mobile Military Police, was also replaced by Colonel Leonel de Leon Guillen. (Guatemala City EFE, 21 Jan)

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General Marco Antonio Gonzalez, former defense minister, and Carlos Enrique Pineda, former General Defense Staff chief, have retired from the military. (ACAN-EFE, 20 Jan)

General Sergio Camargo, current General Defense Staff chief, indicated that these changes in the High command were routine, aimed at revitalizing the military. Armed Forces spokesman Colonel Guillermo Caal also afirmed that these changes were routine. He said they were to be made last December, but were postponed unto Alvaro Arzu took office as president on 14 January. (EFE, 21 Jan)

Honduras

Honduran Private Sector, Economic Council Unveil Plan

PA2201202496 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 10 Jan 96

[Report by Giovanni Garcia; from "The Morning Paper" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Honduran private enterprise and the economic cabinet yesterday unveiled the reactivation plan for production sectors. It was learned that Honduras expects to earn $1 billion in 1996 with this reactivation plan. The economy is expected to grow 4.5 and 5 percent in the next two years, respectively, under the plan. In addition, exports will increase in such sectors as assembly plants. Exports are expected to amount to $900 million and will allow the creation of 10,000 new jobs. In addition, the coffee industry is expected to generate 3,000,000 quintals in coffee and $300 million in exports. In the banana sector, the plan will attempt to reactive production with 42.4 million boxes worth of exports, which will generate $197 million in foreign exchange revenues. In the shrimp sector, 23 million pounds are expected to be exported, and $60 million worth of exports will be generated in the forestry sector.

However, what do businessmen think about this plan? Is it possible to make investments, production, and exports grow within the framework of this reactivation plan? We asked Abraham Bennaton Ramos, National Association of Industrialists president:

[Bennaton] "We believe... [pauses] I would not say I am certain, but I strongly believe that this plan shows a political decision, and as such, we have to give it the credibility it deserves. On the other hand, the National Congress will have to examine these measures, which, it seems to me, if they are set in terms of the country's development and if they were concerted, as one of the National Congress' positions dictates, it seems to me they deserve the approval of Congress."

Adolfo Facusse, Honduran Council for Private Enterprise president, said the reactivation plan shows the concerns of the private sector and is highly positive:

[Facusse] "In six years of economic participation, adjustment plans, and others, we start talking about economic reactivation for the first time. Then, we are now on the right track. First, the taxes that discouraged exports are being lifted; thus, exports are being encouraged. Certain obstacles are being taken away so that foreign resources will reach the country's producers."

The reactivation plan includes fiscal measures such as a reduction in the 1 percent ad valorem tax levied on exports, the elimination of the tax on sugar exports, the elimination of taxes on sugar production and beef exports, and the elimination of specific export taxes. The sales tax will be revised. As announced by Hugo Noe Pino, Central Bank of Honduras [BCH] president, significant measures will be taken in the financial sector.

[Pino, in progress] "...in today's statements, we said that one of the objectives of this plan is to try to improve the conditions to access and lower the costs of financial resources. In this regard, we announced something we had already told the media. For instance, the existence of a line of... [pauses] rediscount lines [lineas de redescuento] at the BCH for 200 million lempiras. The National Agricultural Development Bank has 160 million to be lent to the agricultural sector and small- and mid-scale businesses. We have a 120 million lempira contingency fund, which could be extended to 200 million lempiras through the multiplying effect. In addition, we have a fund for 60...[pauses] a multisectorial loan for $60 million, part of which we will able to start using in 1997 for mid- and long-term capital."

The reactivation plan also includes a substantial decrease in the foreign debt service as a result of the negotiations held with the Paris Club. Reimbursements for $300 million are expected this year, which will consolidate the monetary situation. In addition, $60 million from the Inter-American Development Bank will be available to the production sectors, a second-tier bank will be created, and $200 million are available for a rediscount line.

As far as legal security is concerned, measures aimed at, among others, guaranteeing the tenure of and access to the land and preventing land takeovers while guaranteeing personal security, updating laws, and doing away with illegal strikes will be taken. Furthermore, significant measures have been announced for the infrastructure sector, as well for the technological, environmental, and forestry sectors.

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Nicaragua

Nicaraguan Finance Minister Comments on Money Laundering

PA0901155796 Managua EL NUEVO DIARIO in Spanish 6 Jan 96 p 2

[Report by Moises Gonzalez Silva]

[FBIS Translated Text] During a breakfast meeting with reporters, Finance Minister Emilio Pereira said "it is uncertain how much drug trafficking money is being laundered in Nicaragua, but it becomes evident from the prices charged on goods coming from Miami and Panama, because these goods are sold even cheaper than in their originating markets."

The amount of goods found in the informal markets, especially the "Oriental" market, which the official described as the biggest market in Latin America, comparing it to the Peruvian and Bolivian markets. [sentence as published]

Referring to the "Oriental" market, Pereira confirmed that it is absolutely evident that there is some flow of goods which are either stolen or stem from money laundering and fiscal fraud, which is under severe investigation.

Pereira added that money laundering is very difficult to control, but we have information that about $400 million are laundered in the United States, and it is a problem hurting all of Latin America.

The minister said the problem worsens as the countries become poorer and lack financing, in addition to having a very weak legal system, referring to the case of Nicaragua.

Pereira said there is a natural tendency for "money laundering to show up," stemming from drug trafficking, gunrunning, and fiscal fraud, all three being considered as the same crime. For that reason, the government is emphasizing the fight on drugs, fiscal fraud, and gunrunning.

On another note, Pereira indicated that when the decision is made to veto a budget, it is done with a global vision and not due to an institution's individual allotment.

Pereira expressed concern for that part of the budget that was destined for the people whose properties were confiscated. The government had pledged to pay them in three installments, and the last payment was due this year.

The official recalled that the budget allocation had been made for 31 million [currency not specified] but 3 million [currency not specified] had been cut. This means that 10 percent of the people whose properties were confiscated will not be paid, but the president has the last word on this matter.

Deputy Finance Minister Mirna Somarriba, in turn, gave a detailed breakdown of the national budget, while announcing that the social arena will consume 38 percent of the total budget during 1996.

The budget has allocated around 24 percent to infrastructure and production, defense and security has been reduced by 10 percent, but a certain structure has been changed in a very substantial way regarding the distribution of expenditures related to the public sector payroll. The official said this takes up 23 percent of the total budget.

Meanwhile, Customs Director Guillermo Ruiz Tablada said that revenue last year rose to $132 million, which represents an increase of $17 million as compared to the previous year.

Continuing with the policy of modernizing customs, this year we opened with 822 employees. In other words, we have reduced by 315 employees our customs' staff, which represents a deterioration in customer service.

At present, the importers spend less time and money on customs services, Ruiz Tablada said, adding that before 8.5 manpower days were needed for processing a normal load of merchandise through customs, whereas today, only two manpower days are needed for the same service.

Nicaraguan Assembly President Explains Plans for Final Year

PA1401172096 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 10 Jan 96

[Report by Nidia Ruiz; from the "National Newscast"]

[FBIS Translated Text] Christian Democrats will continue to occupy for the third consecutive period the presidency of the National Assembly. Last-minute negotiations and lobbying changed previously determined slates. Surprisingly, MRS [Sandinist Renewal Movement] members were left out of the board of directors.

Once again the Christian Democratic Union has the presidency of the National Assembly board. Cairo Manuel Lopez will replace Luis Humberto Guzman this final year.

The 91 deputies who were present elected the following board of directors: Cairo Manuel Lopez, president; Adolfo Jarquin, first vice president; Edmundo Castillo, second vice president; Doris Tijerino, third vice president; Jaime Bonilla, first secretary; Julio Marenco, second secretary; Alvin Guthrie, third secretary.

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[Begin Lopez recording] What we plan to do is to draft a working agenda along with the majority that has just been consolidated at the National Assembly. We will not work around people, but around programs to be developed. It consists of consolidating the state of law and strengthening democracy. We are going to work on an administrative law; a law to resolve administrative disputes; a state organic law; and on the creation of a commission to review the criminal code, which dates back to the previous century, which in turn was inspired by a Spanish code of the previous century. We have to modernize it. We also have to do legislative work on social aspects. We will study economic laws to facilitate relations and transactions in our society. We must take positive steps to depolarize Nicaraguan society. We plan to cooperate with other branches of government and strengthen the overall criteria we have approved in our Constitution. [end recording]

For the first time, 91 deputies participated in an election. This board of directors will be sworn in on 10 January.

Nicaragua's Assembly President on Parliamentary Alliance

PA2101004596 Managua EL SEMANARIO in Spanish 12-18 Jan 96 pp 14, 15

[Interview with Cairo Manuel Lopez, new president of the National Assembly, by Jorge Katin; place and date not given: "I Have No Commitments With Anyone" — first three paragraphs are introduction]

[FBIS Translated Text] There was talk about his candidacy during the last days of 1995 when everyone else was interested in nothing more than the Christmas and end of the year holidays. His candidacy was ruled out later on when it was believed the majority bloc at the National Assembly would never agree to a third term by a member of the UDC [Christian Democratic Union]. Luis Alberto Guzman had already occupied the position for two consecutive terms; nevertheless, the only one who kept talking about his candidacy was Lopez himself. Due to those strange circumstances peculiar to Nicaraguan politics, an odd and unexpected alliance took place where various economic and political interests converged. Deputies close to the government, represented by the Center Group, with Alfredo Cesar and Francisco Rosales as direct negotiators, and the Sandinists, headed by Daniel Ortega, tilted the balance convincingly in favor of Cairo Manuel Lopez.

There was much talk about agreements having been made to secure this coveted position, but Lopez rejects all of them. Many politicians are skeptical about this claim, because no one gives something for nothing in politics. According to the new assembly president-elect, he will attempt to improve relations with the executive branch, which have deteriorated since the past constitutional reforms.

Cairo Manuel is optimistic about the future of the parliamentary alliance, but he is not setting any timetables. A fragile alliance can break up at any moment. Still pending are the appointments of the heads of the various commissions, which, according to Lopez, will be pluralist and wide in distribution, but that is also still pending to be seen.

Lopez describes his administration as "a continuity" of the administration of Luis Humberto Guzman, whom many view as the power behind the throne.

[Katin] How is it that an alliance between such dissimilar political forces as the government deputies, the FSLN [Sandinist National Liberation Front], and the UDC materialized at the last moment and took you to the presidency of the National Assembly?

[Lopez] Because I believe that what prevailed over everything else was the continuation of the program the assembly has been undertaking for the past two years. There was also the need, however, to incorporate elements that would provide greater stability to the National Assembly itself. In addition, there is the need to initiate a new type of relationship with the government in order to give greater stability to Nicaragua and the desire to embark on dynamic legislation in the country that will encourage the state of law, consolidate democracy in the country, something which encompasses three major fields, I believe.

First, there are certain issues pertaining to the government's legal norms that would entail approving a law on administrative proceedings, a law on administrative disputes, and a law of the state. Regarding social aspects, we will try to encourage legislation that would review and take the presidential veto into consideration in deciding once and for all on the issue of the Labor Code. As for the education sector, I believe we will have to undertake a major, national debate so all sectors of the country can resolve the issue. This debate does not mean meeting with the university students only but with all sectors comprising civilian society. A consensus can be accomplished from that national agreement to face the country's various problems.

[Katin] I insist on the issue of the new alliance that took you to parliament. How long will this alliance that includes deputies loyal to the government and FSLN deputies last or will it entail a different situation and an abrupt shift in political standing?

[Lopez] I would rather say we will be entering a period that will include nearly all the political blocs.

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In a general sort of way, I have been able to perceive that there has been the need during the last few months to legislate without excluding anyone. It is not a matter anymore of conforming a majority bloc that will exclude another bloc within the National Assembly. This consensus will evidently reflect to a greater or lesser degree on the results of a vote. At any rate, considering that alliances can be so mobile and volatile, the effort should be aimed at maintaining the fundamental framework that has made this new board of directors possible, without exclusions of any type, even if other blocs were not included in the group that obtained a majority vote this time.

[Katin] Would this new leadership give stability to the country?

[Lopez] I believe we will follow that framework. We will make efforts toward this goal. The commissions will help in the country's stabilization process. Periodic consultations with the strong blocs that have political weight and understanding of the reforms to the constitution and other laws will be of great significance.

[Katin] Will this be reflected in the appointment of new commissions?

[Lopez] The new leadership will meet this week to draft the legislative working agenda for this year. I believe the commissions will be formed no later than a couple of weeks.

[Katin] What were the conditions to have the votes of the government and FSLN [Sandinist National Liberation Front] deputies?

[Lopez] We have not agreed on any political conditions. We are not committed to any political arrangement as a result of an electoral alliance. In fact, we have agreed to establish a strong leadership, something which we have done. We regret that we were unable to collect votes from other sectors; nevertheless, these were the votes we collected for this new leadership.

[Katin] What could this new leadership do to change the image people, politicians, and especially deputies have of them? I want to discuss the issue of youth. They resent the 6 percent allotment for universities.

[Lopez] I believe students have much to offer to Nicaragua, but I believe there are other sectors with their own reality, such as primary and secondary students and all the other people who have no access to higher education.

I want the National Assembly to turn more to the people. There has not been enough dialogue between the legislators and the people.

I believe the efforts made by the National Assembly toward the development of democracy and the state of law in many cases went unacknowledged due to the lack of dissemination that has prevailed in the National Assembly. We will concentrate on taking the National Assembly to people's homes through programs that include civic education. I will work closely with the Education Ministry to launch a campaign that will allow the deputies to go to schools and to explain the role of deputies and the National Assembly.

[Katin] When will the new comptroller general be appointed and under what conditions?

[Lopez] I repeat, there were no conditions set in this leadership. The leadership of the general assembly will discuss this issue. I repeat, there are no agreements to appoint anyone in particular.

[Katin] There was always talk of a possible electoral alliance with the MRS [Sandinist Renewal Movement] for October 1996. Has this possibility been eliminated after what happened in Congress during these elections?

[Lopez] I can say, as vice president of the UDC, that the possibility is not eliminated. We have not decided yet about with whom to conform the alliance. There are several groups within the UDC who believe the alliance should be made at this moment, after analyzing the public's opinion and discussing with our party's rank and file. The rank and file will decide with whom to conform alliances in 1996. We do not want to forecast or discard any possibilities.

[Katin] What particularities will Cairo Manuel Lopez' administration have, or will it be a continuation of the administrative polices of Luis Humberto Guzman?

[Lopez] I can say it will be a continuation with particular characteristics. As you all know, Luis Humberto Guzman and Cairo Manuel Lopez are UDC president and vice president respectively. We are not from different parties, but there are different characteristics closely related to each other's understanding of priorities.

[Katin] Will there be radical changes in the parliamentary policies regarding matters of national interest or in its relations with other government branches, particularly the executive?

[Lopez] The leadership of the National Assembly or its president does not decide on this particular matter. Parliament complies with the decisions of the majority. That is the democratic principle existing in the National Assembly. I believe the most important lesson about the election day was the fact that Nicaragua was surveying this election. This was possible because people voted

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freely and openly. The open town councils were held all day until the majority of the people made a decision.

Nicaraguan Group Orders Statement Against Drugs, Crime

PA2101031596 Managua LA PRENSA in Spanish 17 Jan 96 p 2

[FBIS Translated Text] Jinotega — Through its top leader Commander "Charrito," the 3-80 Northern Front [FN-3-80] has ordered the circulation of a statement in the northern mountains against drugs and crime. The Mediating Peace Commission mentioned it in a recent interview. "We can suspend operations against the Army but not against crime such as cattle rustling and belonging to stickup and kidnapping gangs," "Charrito" added.

He also has said that they will purge the area of drugs and that the person who harvests it is more guilty than the person that consumes it.

In its communique, the FN-3-80 calls on youths not to use drugs and announces severe punishments against drug abusers.

"He will receive three lashes," he has said, "the first time, we will hand him over to the people the second time, and he will be eliminated the third time," the FN-3-80 leader has said.

He added that the severe punishment against drug use is so because once young people become addicted they become thieves and a disgrace to their families.

The rebel communication also has asked the people to report the commando units and heads of troops who use drugs and has called on the FN-3-80 members not to obey orders from drunken leaders.

Panama

Paper Carries Panamanian Bill Granting General Amnesty

PA0501215096 Panama City EL PANAMA AMERICA in Spanish 5 Jan 96 p A8

["Text" of Bill No. 1 granting general amnesty as approved by the Legislative Assembly on 31 December]

[FBIS Translated Text] Bill No. 1, of 31 December 1995, whereby general amnesty is granted.

The Legislative Assembly,

DECREES:

Article 1: General amnesty is granted for all those individuals who are being persecuted, accused, processed, or condemned for crimes against the domestic or foreign standing of the state, in accordance with Chapters I and II of Title IX, Book II, of the Penal Code; for crimes against the public administration, in accordance with Title X, Book II, of the Penal Code; for crimes of depriving individual rights in accordance with Title II, Book II, of the Penal Code; for electoral or related crimes; or any other crime that may have resulted from material or ideological assistance [concurso material o ideal]; crimes included in Chapter VII and VIII of Title XI, Book II, of the Penal Code; for crimes of slander and libel; or for acts categorized as crimes based on political designs, allegedly prior to 20 December 1989, and other crimes motivated by prior events with political connotations that may be considered, without prejudice, political crimes stemming from this bill.

Article 2: Under obligation, the corresponding legal authorities will order the immediate release of all individuals who will have benefited from this Amnesty Bill if they are under arrest. Should they not be under arrest, all arrest orders will be suspended immediately. In addition, the appropriate authorities will proceed to issue a final ruling on all preliminary proceedings or trials, to conclude with the shelving of the corresponding court proceedings in a period no longer than a week, following approval of this bill.

An ad hoc commission will be created to categorize the political crimes if the legal authorities have not complied with the prior legal provision at the end of a 60-day period. The commission will consist of one member of the Government, Justice, and Constitutional Affairs Commission of the Legislative Assembly, one member of the Bar Association, and one representative of the Catholic Church. To carry out its responsibilities, this commission will have access to all files it may require.

Article 3: The decreed amnesty overrides all penal actions and penalties against those amnestied, in accordance with what has been stipulated in the Penal Code.

Article 4: Also included in the present Amnesty Law are those individuals pursued or captured during the U.S. invasion of the territory of the Republic of Panama who after having been put under the jurisdiction of Panamanian authorities continue under cautionary arrest without having been sentenced up to the date of the approval of this bill. In addition, the effects of this law extend to crimes motivated by the invasion or act of war.

Article 5: The resolution which decrees the extinguishing nullification of the penal action and penalties and which orders the shelving of the file, based on what is established in Article 91 of the Penal Code, will be unappealable.

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Article 6: Excluded from the benefits of this law are crimes involving homicide, except in those cases anticipated in Article 4 of the same law and those cases being handled in jurisdictions other than the penal and electoral courts.

New Article: Included in the benefits accorded by the present bill are those individuals who, at the moment this law enters into force, have already served one-third of their sentence, except in the case of those individuals who were sentenced in connection with the homicide of Dr. Hugo Spadafora Franco.

New Article: This law will have effect over those individuals who are being detained or persecuted for the alleged commission of crimes that are political in nature, the maximum, applicable sentence for which would be less than the time they have been detained or persecuted; those individuals who have been under arrest, persecution, or condemned for more than four (4) years; and those individuals who have not been sentenced up to the date of the promulgation of this bill.

New Article: Excluded from the present law are all those individuals who are serving a sentence or have been sentenced for the crime of rape and domestic violence for political reasons.

Article 6 (New). This law will be applied to those cases included in Article 1 that have taken place prior to the promulgation of this law.

Article 7 (New). This law will enter into force as of its promulgation.

[Signed] President, Dr. Carlos R. Alvarado A.

Secretary General, Erasmo Pinilla C.

Panamanian Assembly President Views Amnesty Draft Bill

PA0701233796 Panama City LA PRENSA in Spanish 6 Jan 96 p 2A

[Report by Sandra Alicia Rivera]

[FBIS Translated Text] Legislative Assembly President Carlos Alvarado yesterday said that the Assembly will approve the Amnesty Draft Bill because it is a regular bill and "does not even require 37 votes."

He expressed that there is confusion about the amnesty because the new bill that was presented does not address the return of seized properties and those facing homicide charges will not be pardoned.

On 4 January, President Ernesto Perez Balladares ordered a political and juridical analysis of the Amnesty Draft Bill, which was approved by the plenum in the second debate, in view of the fact legislators "did not respect the pact agreed on."

In this regard, Alvarado indicated an ad hoc commission will be formed to analyze the cases of persons charged with political offenses and who are still in prison, so as to determine how many of them can be pardoned.

He stated that if the bill is compared with the amnesties granted in the past, one will observe that this is a "soft" bill because murderers are not being pardoned. Instead, he added, a "large number" of journalists who are charged with slander and libel and officials with minor problems will benefit from this bill.

"These are the articles that were approved and that are included in the Penal Code but people are talking about a draft bill that does not exist," Alvarado explained in regards to the fear of the population that murderers, corrupt individuals, and thieves, among others, may be set free.

He also said that there are political prisoners like Felipe Camargo, who already served seven years in prison, and Luis Antonio Papo Cordoba, who may be freed with the amnesty bill because they have already served more than one fourth of their 20-year prison sentence.

Regarding the opposition of some parties to the approval of the Amnesty Draft Bill, Alvarado expressed that they are using "judicial terrorism" tactics that the PRD [Democratic Revolutionary Party] wants to leave behind, in favor of the union of the Panamanian family.

The Legislative Assembly president explained that all those citizens who have served their sentence in accordance with the legal provisions will be freed, excepting the accused in the Spadafora case, beheaded in September of 1985.

Regarding the fear of the population over the release of persons who committed political crimes, Alvarado indicated that the cases for several persons who supported and opposed Manuel Antonio Noriega were dismissed.

He remarked that an example of this is the situation of Luis Antonio Papo Cordoba, who was "unjustly" sentenced because his involvement in the murder of peasant Edwin Heredio Amaya was not corroborated and also because he was acquitted in the Spadafora case.

Alvarado made the aforementioned statements during the inauguration of power lines in the towns of Mata Rica in Gualaca District, in Volcan, and in a Institute of Hydraulic Resources and Electrification agency in Boquete.

President Ernesto Perez Balladares, Chiriqui Province Governor Ricardo Saval, Carlos Alvarado, and other

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high-ranking government officials were present at the inauguration ceremony.

Panamanian Minister on PRD Differences Over Amnesty Law

PA1201183096 Panama City Circuito RPC Television in Spanish 2300 GMT 10 Jan 96

[Report by Abdiel Antonio Gutierrez from the "RPC Television News" newscast]

[FBIS Translated Text] Mitchell Doens, labor and social welfare minister and assistant secretary general of the Democratic Revolutionary Party [PRD], recognized that internal differences within the PRD over the amnesty law are deep.

According to Mitchell Doens, the amnesty issue should not significantly divide the unity of the PRD.

[Begin Doens recording] Actually there are many differences within the PRD. The PRD is a party comprising many people. Everyone has a point of view or points of view regarding a specific topic in which there may be differences of opinion. I believe that if there were people who participated in acts of bloodshed and were sentenced, these people should not be given any type of amnesty. I believe those who abused of public funds and enriched themselves should not have the right to amnesty. That is my personal opinion and that will be my position when it is debated in my party. [end recording]

Human Rights Committee in Panama Opposes Amnesty Bill

PA1201192396 Panama City Circuito RPC Television in Spanish 2300 GMT 10 Jan 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] The Panamanian Human Rights Committee [CPDH] has issued a communique expressing its deepest concern over the bill granting amnesty to prisoners for alleged political reasons. According to the CPDH, the bill does not make a clear distinction between political and common crimes. This could benefit people involved in crimes, in which human rights were violated.

An amnesty law, in addition to promoting impunity and encouraging crime, infringes the obligations contracted by the Panamanian state in international agreements, which force signatory countries to respect their citizens' human rights.

In the communique, the CPDH president calls on the president of the Republic to veto the bill granting general amnesty if it is approved by the Legislative Assembly.

Report on Presidential Concerns Over Panamanian Amnesty Bill

PA1501155896 Panama City EL UNIVERSAL DE PANAMA in Spanish 12 Jan 96 p A-1

[Report by Justino Gonzalez Jr.]

[FBIS Translated Text] Yesterday, President Ernesto Perez Balladares stated that during an initial legal assessment of the amnesty law there had been some apprehensions with respect to the likelihood of the document being tainted by illegalities.

Balladares disclosed that some lawyers have concluded that the parliamentary initiative may contain unconstitutional flaws, after asserting that some crimes should not be granted the privilege of benefiting from political amnesty.

The amnesty law is pending to be approval in a third debate during the next legislative period.

He cautioned that the legal inconsistency alluded to by the lawyers lies in that the bill proposal seems to create two categories of murderers for individuals involved in the same crime and allows the likelihood of benefiting one while forsaking the other.

According to the president "it is as if the victim of one is less immoral than the victim of another."

Nevertheless, he stated that his decision with respect to the likelihood of this bill being vetoed will be adopted at the appropriate time.

He stated that consultations within the Revolutionary Democratic Party (PRD) are still taking place in order to establish if there are any links with agreements reached with the Legislative Assembly.

On the other hand, Perez Balladares disclosed that the Cabinet Council approved a bill proposal that creates the single window [ventanilla unica], and adopted some observations with respect to the handling of processing zone workers.

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Panama's President Invites Striking Doctors To Negotiate

PA1801035696 Panama City Circuito RPC Television in Spanish 2338 GMT 17 Jan 96

[News conference by President Ernesto Perez Balladares with identified and unidentified reporters at the Presidential Palace in Panama City — live]

[FBIS Translated Text] [Perez Balladares] Thank you very much, reporters. Good afternoon to all of you. Thank you for waiting for us until this hour.

I have been receiving information this afternoon from the director of the Social Security Fund [CSS] and the health minister, both of whom are now with us. The health minister is involved in the strike called by CSS doctors, because representatives of the medical societies asked the health minister for an appointment today, which she gladly gave, and she came to inform me of the results of that meeting.

I want to first make a few brief comments, and then I will gladly answer any question you may want to ask me or any other member of my administration.

First, I want to say that I sincerely deplore that the medical associations have gone on a strike, which I consider unnecessary, in the same way that I consider unnecessary any reprisal against them by the CSS Board of Directors and the Health Ministry.

Second, I want to reiterate to the citizenry my respect for the complete independence of the CSS. I believe that many of the doctors that today are representing many of the different medical associations fought for a long time to achieve the independence of the CSS. Therefore, we are not going to disrespect that struggle. We will respect the law and the independence of the CSS.

Having said these two things, I believe it is important to pick up on a statement that I saw with my own eyes [as heard] this morning during a declaration by a representative of the medical association [words indistinct] where he asked the president of the Republic to become a kind of mediator in this conflict. I have given this much thought. I believe that I am the representative of a government; I am the representative of the national government elected by the Panamanian people. Therefore, I cannot disregard this request by a representative of the medical sector.

I believe that it is important that not only I listen to — as they said today to the health minister, the intimate reasons for the strike — but that all of my administration listen to them. Therefore, I hereby invite all you medical society representatives, by means of this medium, through the press, and of course, through the telephone calls that the health minister will make; to participate tomorrow in a cabinet meeting which has been scheduled for a long time in Sona.

The entire administration will be th re. Of course, we had not planned to listen to the problems of the health system, but other issues, during this meeting. However, given this difficult situation in offering medical service to CSS patients for whom we should all work, I believe it is necessary to open a window for dialogue with the entire administration. There will be transportation available to all representatives of the medical associations at Paitilla Airport, so that the entire administration may hear what these representatives have called the intimate reasons for which they have gone on strike — which does no one any good, neither doctors, associations, CSS patients, government, nor the country.

I hope this will be a mechanism to avoid taking the consequences of this strike, the lack of medical attention to CSS patients, further than today. I hope that we can — in a tranquil climate which my administration has always advocated — find a solution through dialogue, which I am sure is in their minds and in the mind of the CSS director.

With this, I will now gladly field your questions to me or the team accompanying me.

[Alexandria Ciniglio] Alexandria Ciniglio of RPC. Mr. President, would you be willing to remove CSS Director Ricardo Martinelli and other CSS directors as requested by the medical associations?

[Perez Balladares] I believe it would be a serious mistake to personalize their struggle in any one person. Without, as we Panamanians say, adding salt to the wound, I would like to recall that the law of the CSS states that the president of the Republic appoints the CSS director from a list of candidates offered by various entities including, I believe, medical associations. In the list of candidates proposed by the medical association was the name of Ricardo Martinelli. I believe that Director Martinelli is doing a good job in favor of those insured by the CSS. I believe there may have been personality conflicts. I believe there may have been too much zeal in some recriminations. However, I believe it would be a serious error to think that to end a strike one has to sacrifice a good CSS director.

[Ricardo Samaniego] Mr. President, [words indistinct] well informed regarding the situation in the CSS. [Words indistinct]

[Perez Balladares] I do not doubt, Ricardo, that there will be a solution, and a solution in which the dignity of the doctors will be respected, because it is not our desire to show disrespect for them, or much less. However,

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at the same time that the dignity of the doctors, their professionalism — I am the son of a doctor, and therefore I know what a doctor's dignity means — at the same time that their dignity is respected, that we may also achieve the aspirations of the majority of Panamanian, there must be adequate medical services for CSS patients. I believe that if we sit down to talk, which is the mechanism which Panamanian society has always used to solve its problems, we will achieve this.

[Unidentified reporter] The request to talk [words indistinct].

[Perez Balladares] I am asking that the strike be called off, because I believe that the health service users are being unjustly and unnecessarily affected. I believe that it is not necessary to go on strike to achieve a dialogue. I believe that we can do this without affecting third parties. However, this in not a condition. I believe that our goodwill has always reached a point where we talk under any circumstance with whoever wants to talk in order to solve problems. I hope that they accept this as a mechanism to end the strike and offer the medical services that we are all waiting to be offered again.

Thank you very much, reporters, and good night.

Panamanian President Discusses Doctor Strike

PA2401042096 Panama City Circuito RPC Television in Spanish 2300 GMT 23 Jan 96

[News conference by President Ernesto Perez Balladares with unidentified reporters at the Palace of the Herons in Panama City; from the "RPC Television News" newscast; broadcast in progress — live relay]

[FBIS Translated Text] [Perez Balladares] ...the Social Security Fund and the doctors associations. That afternoon here with you all, I had the opportunity to respond to the doctors associations and to invite them to explain their problems to the government the following day, 18 January, in Sona, Veraguas Province, at the home of the general director of the Social Security Fund. They accepted, and you covered that meeting for the media. The national government created a mediation commission as a result of that meeting. Since that same Thursday, 18 January, the commission has been promoting a dialogue and a negotiation between the Social Security Fund Board of Directors and the various doctors associations represented there. Great progress has been achieved regarding the requests that were made. Great progress has especially been made in what was the most important point for the doctors since the first day; that is, respect for what they called their dignity as professionals.

In this regard, of the 23 points the doctors had requested, agreement on 16 of them was reached with the assistance of the presidential commission. Agreement was reached between the Social Security Fund and the doctors associations. Everybody duly accepted these points. We thought we could create the necessary commissions as of that moment to ensure that the rendering of medical services would return to normalcy, something which unfortunately did not occur today. We believe, however, this negotiating commission is determined to achieve the normalization of services tomorrow, 24 January. Consequently, we would like to invite all doctors who have stopped providing their services in one way or another to start rendering their services as of tomorrow, 24 January at 0700.

We also promise we will accept everything contained in those 16 points that have been discussed in the past few days if the stoppage is formally lifted tomorrow; likewise, we believe we must provide all medical services tomorrow, 24 January, so things will be back to normal by this time tomorrow.

We sincerely warn, however—and this is not a threat; it is simply a warning—that the medical professionals and others who do not show up for work at 0700 on Thursday, 24 January, will face the application of the law, which clearly states that the post will be considered vacant following five days of absence. We are not dismissing anyone, but we believe those who do not show up for work starting tomorrow, 24 January, are doing so because they have decided to resign from their post at the Social Security Fund.

In conclusion, we want to create the conditions of dialogue and permanent conversation with the beneficiaries of the Social Security Fund, the board of directors, and, of course, with the doctors associations to avoid these types of traumatic situations that do not benefit anyone in Panama. There are no winners here, neither the government nor the doctors associations. The great loser is the Panamanian people, especially the insured members of the Social Security Fund.

We urge you to establish mechanisms of dialogue and permanent conversation so we can improve medical services, so administrative policies can be implemented in a decent manner, of course, with the respect the medical professionals deserve. I also ask them to comply with their duties to the Panamanian people and to the institution with which they have acquired professional duties. Thank you very much.

I believe we have successfully ended the mediation of the commission. I want to deeply thank Presidency Minister Raul Arango, Mr. Samuel Lewis, and, of course, Deputy Health Minister Giuseppe Corcione for

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the hours and days they have spent helping to resolve this serious conflict. Thank you very much.

[Reporter] A listener said during a radio show this morning that doctors on strike have always been able to exert pressure, because they take hostage the Panamanian people's health. Has the government studied the possibility of changing certain legal provisions so the doctors' right to strike can be limited in some way so as not to hurt the Panamanian people? There is a precedent, because these rights have been infringed in other sectors of the population.

[Perez Balladares] I believe the best way to avoid a strike is through dialogue; that is why we have always said we believe there should be mechanisms for permanent consultation. I believe—and you know it—it does not matter what the law states when a worker decides to strike regardless of a prohibition that may exist in a law; he strikes. I believe in this specific case. The legal or illegal nature of the strike has not been qualified. It does not resolve the rendering of services, does not resolve the fact that Panamanians feel they are unprotected during the stoppage, strike, or staggered strike. What we want is to seek the proper mechanisms of dialogue and conversation so as to avoid situations such as these.

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Argentina

Argentina's Menem Calls For Buenos Aires Elections

PY2301162396 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1659 GMT 22 Jan 96

[FBIS Translated Excerpt] Buenos Aires, 22 Jan (NA) — President Carlos Menem today signed a decree, calling elections in Buenos Aires district for 30 June. The Buenos Aires mayor and the people who will draw up the Buenos Aires bylaws will be elected in these elections.

The president also emphasized the necessity of implementing a second State Reform. He noted: "There is a preventive mechanism, encouraged by a segment of our society."

Menem admitted that the government is reviewing the possibility of allowing — about 2 million — foreign residents to vote in the 1997 elections, when deputies will be elected.

The president made these remarks during a news conference at the Government House press room this morning. [passage omitted]

Argentina's Menem Congratulates 'Arafat on Victory

PY2201171496 Buenos Aires TELAM in Spanish 2005 GMT 21 Jan 96

[FBIS Translated Text] Buenos Aires, 21 Jan (TELAM) — It was officially reported today that President Carlos Menem sent his congratulations to Yasir 'Arafat, new president of the Palestinian National Authority, for his electoral victory in the first elections in Gaza and Cisjordania.

According to provisional reports, 'Arafat obtained 88 percent of the votes in an election where 70 percent of those registered voted.

The message to the Palestinian leader stressed that 'Arafat's victory will strengthen the peace process in the Middle East.

The message disseminated by the Foreign Ministry says: I very cordially congratulate you for your victory in the first democratic elections in Gaza and Cisjordania, which confirmed your unquestionable leadership."

"The result is equally important for the peace process in the Middle East, which must continue in the interest of the region and the international community," the message concludes.

Argentina's Menem on Arrest of Murderer of Chilean General

PY2301025496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1520 GMT 22 Jan 96

[FBIS Translated Text] Buenos Aires, 22 Jan (NA) — President Carlos Menem today announced the arrest of the person allegedly involved in the assassination of Chilean General Carlos Prats in this city on 30 September 1974.

The president made the announcement at Government House. Menem said this morning that the individual was identified as Enrique Lautaro Arancibia Clavel, a Chilean citizen with alleged links to the Chilean security organization DINA [National Intelligence Directorate] during General Augusto Pinochet's dictatorship.

Menem added that he will call his Chilean counterpart Eduardo Frei as soon as possible to thank him "for his invaluable gesture in sending us a brigade to fight forest fires" in the south of the country and to brief him on Arancibia's arrest.

The president expressed his "recognition" to the Federal Police and Federal Judge Maria Servini de Cubria, who is hearing the case, for Arancibia's arrest after a "number of problems halted or slowed down investigation of the case."

Menem said: "This incident is gratifying to us because it is a new judicial branch success in Argentina." The president characterized the Federal Police as "one of the best in the world."

Menem did not rule out the possibility that Chile might request Arancibia's extradition, adding, however, that "the attack occurred here and the case, therefore, is under Argentine courts' jurisdiction."

Police sources added that agents from the Department of Constitutional Order arrested Arancibia on 19 January, adding that the suspect was taken to the court and placed at the disposal of Judge Servini de Cubria this morning.

It was also said that Carlos Prats' daughters, Pamela and Angela, will come to the court in the next few hours to identify Arancibia.

Prats was a military chief loyal to Salvador Allende. He requested political asylum in Argentina shortly after the coup headed by Augusto Pinochet.

Prats and his wife died as a consequence of a bomb placed in his car. Human rights organizations blamed the attack on agents of Pinochet's regime. The bomb detonated when the vehicle was leaving the garage of the apartment building located at 330 Malabia Street,

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in the neighborhood of Barrio Norte in Buenos Aires, where the Prats family was living.

The case was never solved, but the attack was similar to the one involving the killing of Allende's former foreign minister, Orlando Letelier, in Washington, which was also blamed on DINA agents.

Police sources revealed that Arancibia was captured in "a first class building" in this city, although without giving the exact location.

The operation was headed by Inspector Superintendent Rodolfo Peralta on orders of Judge Maria Servini de Cubria.

It was known that for the past six months the police had intelligence information on Arancibia's arrival in Buenos Aires from Rome and Santiago de Chile. Arancibia is thought to be the person who actually carried out the attack.

According to the sources, at that time Arancibia was under the direct orders of Gen. Manuel Contreras, DINA's highest chief, who was recently condemned to serve a prison term in Chile for human rights violations during his administration at the head of that organization.

It is further suspected that Arancibia was also the author of the attacks against Chilean Generals Esnaider and Leighton in Rome.

Argentine Congress To 'Override' Regulation of Patent Law

PY2201223796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1450 GMT 20 Jan 96

[FBIS Translated Text] Buenos Aires, 20 Jan (NA) — [Justicialist Party Deputy] Humberto Roggero, chairman of the Chamber of Deputies Industry Committee, warned today that Congress will once again override any new decree regulating the Patent Law that "does not fully respect the spirit of the legislation enacted by Congress."

Roggero thus hardened even further the position adopted by Peronist senators and deputies in the course of the negotiations they opened with the government on 18 January to try to reach consensus on the new regulatory decree of the Patent Law.

In an interview with NOTICIAS ARGENTINAS, Roggero — who did not participate in the first round of negotiations because he was on vacation — said that during the meeting, Foreign Minister Guido Di Tella underscored the need to "stave off further warnings by the U.S. Government."

U.S. Trade Representative Mickey Kantor has been sounding a note of warning on behalf of the Clinton administration, alerting Argentina to the fact that "we are losing patience" with the tug of war between the Argentine Government and congressmen over the enforcement of the Patent Law.

Di Tella is to meet with Kantor on 25 January during the former's visit to the United States. The Argentine foreign minister also intends to meet with U.S. Secretary of State Warren Christopher.

According to Roggero, the [Justicialist Party] lawmakers who attended the meeting on 18 January — Deputy Jorge Matzkin and Senator Augusto Alasino — made it clear to Di Tella that "there is no possibility whatsoever that the United States will impose any sanctions on Argentina because the Patent Law abides by all international agreements."

The Industry Committee chairman asserted, moreover, that Congress "is willing to defend the Patent Law before all international organizations." He stressed that "unless the executive issues a proper regulatory decree, we will insist on enacting the law" [that was originally passed by Congress], in which case it will have to be approved by two-thirds of the Senate and the Chamber of Deputies.

Di Tella had promised that the new regulatory decree will have been issued by March, but the stand advocated by Roggero casts doubt on the possibility of fulfilling the foreign minister's promise.

Roggero elaborated on the most important differences between congressmen and the incumbent administration, summing them up in the following three points:

— Lawmakers want Argentine pharmaceutical companies to start paying royalties after a lapse of five years. Royalties will only be paid on drugs and medicines patented as of that year. The regulatory decree, however, provides that the payment of royalties will also be made for patented medicines that are already being sold on the market as of the time the Patent Law comes into force.

— Lawmakers defend the possibility of enforcing compulsory licenses and of concurrently authorizing imports of medicines to prevent monopolistic practices. Compulsory licenses would authorize domestic pharmaceutical companies to use a patent through the enforcement of compulsory licenses if the inventor [and holder of the patent] refuses to negotiate the exploitation of that patent.

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In addition, concurrent imports would make triangulations involving the purchase of medicines abroad possible.

Roggero explained that there are medicines patented in the United States which are sold at a much lower price in Italy — where pharmaceutical products are considered to be a property right involving the public interest. Therefore, it would be much more cost-effective for Argentine pharmaceutical companies to import those medicines from Italy.

The Argentine Government, however, defends the possibility of authorizing absolute licenses — something which the U.S. Government has been demanding. In this way, pharmaceutical companies would have absolute control over patents.

— Control over the National Institute of Intellectual Property, (INPI): Congressmen want this control to be exerted by a board of directors comprising representatives of the Health and Economy Ministries and of the Presidency. Congress will in turn supervise this board of directors.

The Economy Ministry — which did not send any representative to the 18 January meeting — intends to have total control of INPI, which is vested with the power of granting patents and enforcing the Patent Law.

Argentine Industry Secretary on Auto Pact With Brazil

PY1901225996 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1153 GMT 19 Jan 96

[FBIS Translated Text] Buenos Aires, 19 Jan (NA) — Industry and Mining Secretary Carlos Magarinos has announced that more than 400,000 cars will be manufactured this year and that investments in the automotive industry will enable them to create some 3,000 new jobs in February or March.

Magarinos has explained that some 380,000 new cars will be sold on the domestic market and that the remaining 20,000 will be exported, adding that this year's production will exceed that of 1995, when automakers turned out 320,000 cars.

In a news conference yesterday, the industry and mining secretary confirmed that Dorothea Werneck, Brazilian industry and commerce minister, will come to Argentina to participate in the ceremony in which an automotive agreement will be signed with Brazil on 22 January at 0900 local time.

Magarinos underscored that one of the most salient points of the agreement reached during the latest Mercosur [Common Market of the South] presidential summit held in Punta del Este is that "the deadline Argentina has to compensate for the exportable deficit of 85,000 cars it has with Brazil expires in 1998."

The agreement also provides for a new assessment of investments in Brazil and Argentina's automakers and the incorporation of the automotive accessories and parts sector into the Argentine automotive system.

The industry and mining secretary said: "As of now, the automotive accessories and parts sector will generate a trade surplus thanks to their exports, investments, and sales on the domestic market."

Magarinos explained that "both automotive accessories and parts manufacturers and automakers will be able to compute" the difference arising from the increase in the percentage of domestic components for the manufacturing of cars — which will be put into force as of 1997 — "as export credit."

Decree No. 33 — which modifies the Argentine automotive system to make it conform to a common policy Argentina and Brazil will pursue — establishes a timetable for the reduction of imported components for the manufacture of cars and consequently, the increase of domestic components.

Moreover, Magarinos said that as of now, "investments in tangible assets will be equally computed in Brazil and Argentina." Magarinos deemed that the agreement with Brazil will enable "both countries to have a common automotive system" by the end of June. He explained that the next hurdle that must be overcome in the next round of negotiations is both countries' different stance on how to assess the percentage of domestic components that all the models manufactured by each automaker have.

In Brazil today this assessment is made according to the average number of national components in all models produced by each plant. In Argentina each plant establishes the value of auto part components in each model produced by the plant.

Magarinos explained that the agreement with Brazil "establishes a free trade zone for companies established in only one of the signatory countries." The secretary said that thanks to the new automotive system units produced as of 1999 "will have the same technology as vehicles produced by the company's head office and there will be a delay of only six months from the time the new models are launched."

At present Argentine plants produce models launched by the head office three years before.

Magarinos said the agreement with Brazil will enable Argentina "to gradually, in the long term, lower" the

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price of Argentine cars. Magarinos, however, advised consumers not to delay their purchases "particularly because the industry is just coming out of a deep recession."

The secretary said that car companies installed in the country have already invested $1 billion of the $4.5 billion they promised to invest by year 2000. This global investment plan will create 8,000 new jobs. Magarinos anticipates, however, that 3,000 new jobs will be created by February or March because "companies will invest 30 percent of that amount by then."

Magarinos said "it is reasonable" to expect that Argentina's car exports to Brazil will increase this year. Brazil has a car market of approximately 1.5 million units, according to entrepreneurs of Argentina's largest commercial partner at Mercosur.

Argentina Signs Automobile Trade Pact With Brazil

PY2301021296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1627 GMT 22 Jan 96

[FBIS Translated Text] Buenos Aires, 22 Jan (NA) — Argentina and Brazil today signed an agreement regulating bilateral automobile trade until 1 January 2000, when both countries will unify criteria by means of a common automotive system.

The ceremony marking the signing of the automotive agreement was held at the Economy Ministry and was attended by [Economy] Minister Domingo Cavallo; Dorothea Werneck, Brazilian minister of industry, commerce, and tourism; Brazilian Ambassador to Argentina Marcos Castrioto de Azambuja; and Argentine Industry Secretary Carlos Magarinos.

Cavallo hailed the signing of the agreement, stressing that "Brazil and Argentina are successfully cooperating in the integration process." He went on to say that "the agreement signed by both countries became a reality one year in advance, as we thought it was only going to be signed next year."

Cavallo pointed out: "The automotive system bears witness to this progress because we had agreed that as of 1 January 1997, we would have a common automotive system and now we are signing an agreement that sets this system into motion a year ahead of schedule."

The economy minister further stated that "as of 1999, free trade regulations within Mercosur [Common Market of the South] will also be in operation in the case of the automotive sector. Therefore, the way ahead is remarkably clear for automakers and companies that manufacture and supply automobile accessories and parts in Brazil, Argentina, and all Mercosur member countries."

The head of the Economy Ministry praised "Dorothea Werneck's leadership in the Brazilian Government to give teeth to the Brazilian automotive system, which, modeled on the Argentine automotive system, enabled us to hammer out a common automotive system."

"Surely, our respective presidents, Fernando Cardoso and Carlos Menem, will be very pleased to see that what they agreed upon at the latest [Mercosur presidential] summit in Punta del Este has now become a reality," said the minister in charge of the economic portfolio.

Cavallo argued that "the prospects for this year's sales of and demand for cars in Brazil are very good." He stated that this year "there will be a boost in the demand for cars in Argentina, thus putting an end to the relative weak demand prevalent in 1995."

"I believe that the boost in demand will enable us to have levels comparable to those we had in 1994, or even higher," he forecast.

The economy minister declared that Argentina has already "resumed growth and that the automotive industry and all the activities linked to it will contribute to boosting GDP growth and exports and to creating new jobs."

The Brazilian industry minister said, for her part, that "it is very important" for Brazil "to have come to this point in negotiations."

Werneck said: "Moreover, it is of utmost importance that we should have come to a point at which both countries — and, therefore, the entire Mercosur — have the concrete possibility of becoming the bulwark of vehicle manufacturing the world over."

The Brazilian industry minister further stated that "all countries dream of having an important and influential automotive industry, not only on account of output figures, but also because this industry constitutes an important source for creating new jobs and is the driving force behind the expansion of other industries."

Werneck added: "For Mercosur partners, this dream is increasingly near to coming true."

The Brazilian minister considered that "besides being instrumental in increasing investments in car manufacturing companies," the agreement signed by both countries now opens the possibility of developing the automobile accessories and parts manufacturing industry."

Werneck pointed out that the agreement "will enable investment decisions to be made within a framework of a clear outlook for the future, which is a sine qua non for the materialization of these investments."

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Argentine Minister on Common Automotive System Pact

PY2301162596 Buenos Aires TELAM in Spanish 2252 GMT 22 Jan 96

[FBIS Translated Text] Dorothea Werneck, industry, commerce and tourism minister, said today that the Argentine-Brazilian automobile agreement will give a strong boost to both countries' trade while encouraging the specialization of our binational production.

"The main thing is that the agreement will give a boost to our bilateral trade thanks to the process of specialization it will encourage," Werneck said during a news conference at the Brazilian Embassy.

Brazil increased its trade volume during the 1991-1994 period, but Argentina's trade had a deficit of $850 million.

Argentina was able to revert the situation last year and ended the period with a surplus, a "trend that will continue this year and the coming years," Werneck said.

According to the minister, the establishment of foreign companies and the agreed extension of the benefits granted by plants to spare part companies, which will have free access to the neighboring country thanks to a compensations' system, will contribute to balance the two countries' trade.

The agreement establishes that "spare parts originating in one of the two countries will have free access to the market of the other country provided that the volume of imports are compensated by exports anywhere."

With respect to the deficit accumulated by Argentina, which is recognized by Brazil, the agreement establishes that Brazil will have to import $850 million worth in cars to balance the bilateral trade account.

Werneck stressed the importance of the agreement signed today with Economy Minister Domingo Cavallo and praised the joint effort that made it possible.

"Today we only signed it. The most important step was taken in Brazil, in November, when we met for eight hours to discuss the agreement. Next we had a meeting in Punta del Este with Uruguay and Paraguay to present a draft of the agreement," Werneck said.

The next step will be to notify the WTO about the new Brazilian automobile system and the amendments introduced in the Argentine system through Decree No. 33, which was recently signed by President Carlos Menem. The notification will be sent in the next few days, The Brazilian minister said.

Werneck stressed that Brazil is entering a production stage characterized by the building of new plants.

The German company Mercedes Benz, the French company Renault, the Korean companies Hyundai and Asia Motors, the Japanese company Honda, and the U.S. company Chrysler announced that they will start operating in Brazil in 1996, Werneck said.

The minister added that Fiat, Volkswagen, and General Motors will start the production of new models in Brazil.

Werneck said that not only manufacturers will invest in the country this year, "there is also a very concrete possibility of increasing the production of spare parts."

"Spare part producers are a very important in our bilateral trade," Werneck said and gave the example of the United States. This country had a $40 billion deficit with Japan, but $30 billion of that total was in spare parts.

The minister said that "in the first days of February will have an agreement" on free trade zones.

Werneck added that there is still a lot to do in this area because "one thing is to sign and agreement and quite another to implement it. We will have to continue working on the subject."

'Main Points' of Argentina's Auto Accord With Brazil

PY2301223696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1137 GMT 23 Jan 96

[FBIS Translated Excerpt] Buenos Aires, 23 Jan (NA) — Argentina and Brazil have signed an agreement to regulate bilateral trade of automobiles until 1 January 2000, when the two countries will unify their programs through a common vehicle program.

Here are the main points of the agreement for the manufacture and trading of automobiles:

Rules and regulations for finished vehicles:

Vehicles of one country can freely enter the market of the other provided these imports are offset with exports to another country.

Trading outside the system of compensation will be ruled by the specific regulations of each country.

New automobiles manufactured in the two countries must have a minimum average of 50 percent of national parts to avoid paying import duties.

Each country will apply its own rules and regulations to define the maximum content of national components for bilateral trade.

Both countries will allow a maximum of 40 percent of imported materiel per vehicle; in Argentina this

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percentage will be calculated per vehicle manufactured, and in Brazil per factory.

Rules and regulations for auto parts:

Auto parts from one country may enter the market of the other country provided these imports are offset with exports to another country.

Compensation will not be demanded for auto parts to used as replacements in the importing country's market.

Auto parts imported through the system of compensation will be considered as national auto parts when calculating the percentage of national components of a vehicle.

Both countries promise to respect each other's vehicle rules and regulations until a common vehicle program is implemented on 1 January 2000.

Both countries may modify or adjust this agreement through bilateral negotiations, leading to the unification of systems.

Through this agreement, Argentina and Brazil acknowledge the criteria applied through their own legislations on the bilateral exchange of automobiles.

The agreement, which was reached during the last Mercosur [Common Market of the South] meeting in Punta del Este, Uruguay, was signed by Economy Minister Domingo Cavallo and Brazilian Industry Minister Dorothea Werneck. [passage omitted]

Editorial Views Argentina's Border Dispute With Chile

PY2301171596 Buenos Aires CLARIN in Spanish 21 Jan 96 p 14

[Editorial: "Agreements and Differences on Continental Glaciers"]

[FBIS Translated Text] The installation of Chilean air and naval bases in the Continental Glaciers' zone is a legitimate Chilean initiative, but it does not contribute to a rapid and harmonious solution of the region's border dispute.

The border demarcation in the area known as Continental Glaciers is the last border dispute between Argentina and Chile. In 1991 the two countries reached an agreement based on a polygonal line that divides the zone, but the congresses of the two countries have not approved it yet. According to the latest information provided by the Argentine Government, the Congress will analyze the matter in the next special sessions.

The agreement was objected to on both sides of the border. Our country has questioned the agreement mainly because the dividing line does not take into account the water divide, which is the general criteria admitted by Chile and used in a treaty on the zone signed in 1881.

In Chile, some groups expressed their opposition to the dividing line, arguing that it hurts Chilean rights and weakens its position before Argentina. This perception seems to have gained strength after the arbitration on Laguna del Desierto that favored Argentina and could have encouraged the installation of bases near the zone in dispute.

The good diplomatic and economic relations between Argentina and Chile are not in doubt. These relations are based on the stability of both countries' democratic governments, the negotiated solution of other border disputes, and a growing economic cooperation that includes the prospects for deeper integration with other countries in the region.

This fortunate reality cannot, however, become tarnished with attitudes that contradict the spirit of cooperation or create an unbalance of forces that might affect agreements in process.

The Argentine Congress must carefully analyze the 1991 agreement, study the principles on which it is based, and consider the consequences they might have on rights sustained in previous agreements.

The mutual understanding and search for benefits must be, as I have sustained on previous occasions, the guiding principle in our foreign policy with respect to neighboring countries. But these guidelines can only be founded on negotiations that firmly defend the national interest and in development policies aimed at strengthening border zones.

Argentine Police: Ex-Italian Official Arrested for Murder

PY2301182396 Buenos Aires TELAM in Spanish 2039 GMT 20 Jan 96

[FBIS Translated Text] Cordoba, 20 Jan (TELAM) — Former ultra-rightist Italian Deputy Sandro Sacucci, who has been living in this city since 1979, has been arrested by the police apparently for a murder for which his country has requested his extradition.

Sources of the local federal police office have reported that the arrest took place in the afternoon of 19 January at the home of the former fascist deputy, who offered no resistance.

Sacucci's arrest was ordered by Buenos Aires federal judge Maria Romilda Servini de Cubria, and according to some sources the arrest was made due to the

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extradition request that was made by the Italian courts for the murder of a leftist militant.

Sacucci, who was working as a taxi driver, had been arrested in 1985 because he was in the possession of false personal identity documents.

The former deputy alleged that he resorted to the use of false documents due to his state of "extreme necessity" because he considered that he was being "pursued politically by the Italian courts and therefore he needed to work in order to live.

When Sacucci's arrest was made known at that time, the Italian authorities announced that they would ask for his extradition because it was suspected that the ultra-rightist had presumably participated in a violent political incident in that country in which a leftist militant died.

Moreover, the Italian request came to nothing and Sacucci was released after being under arrest for two months and when the legal aspects for the extradition had expired.

The former legislator is currently lodged in the cells of the federal court of this city, and he will be transferred to the federal capital within the next few hours.

Loss of Initiative by Argentine Labor Seen in 1995

96SM0043A Buenos ires CLARIN in Spanish
26 Dec 95 p 6

[Article by Ricardo Rios: "In 1995 the Unions Yielded the Initiative to the Administration"]

[FBIS Translated Text] On one occasion, jolted by one of the many knockout blows that Carlos Menem threw at the structure of organized labor, a union leader from the old guard said that the labor movement lapsed into demobilization when it had to deal with a Peronist government.

His observation, if taken as valid, could explain in part the additional ground that the labor movement gave up in 1995, thus managing to steepen the downtrend that the sector has been on since Menem took power in 1989. And the immediate future does not look any better.

The internal split having been consolidated (there are three confederations, and the leadership of the CGT [General Confederation of Labor] is being questioned) and with fewer affiliates to represent, the unions will bid the old year farewell in full retreat, reciting almost the same woes that they bewailed as 1995 began: an economic crisis in social-benefit funds, lack of job security, the fear of another wave of layoffs of government workers, and the refusal to continue supporting the labor reform process.

The bottom line on 1995 was marked by this remarkable and, at the same time, crushing development for organized labor: the record unemployment rate in the country (18.6 percent of the labor force, according to the official May figure), which meant almost three million Argentines out of work.

Hard Line and Frozen

As at present, the CGT began the year with the idea of hardening its stand vis-a-vis the administration, which renewed its promises of a dialogue. The fate of pro-Menem oil union leader Antonio Cassia as the head of the largest confederation was thus sealed.

But the interval until the 14 May presidential election, at which Menem was seeking a second term, wound up postponing any decisions that might carry political risk.

Cassia stayed on, and the CGT paid a very high price for its inaction: it acquiesced to more flexible labor regulations for small and medium-sized business without obtaining in exchange, as Cassia wanted, a handful of posts in the Interior and Labor Ministries.

What is more, labor's ambition to place its men on the slates of PJ [Justicialist Party] candidates was cut back as well. It became obvious: in contrast to the 25 deputies who followed the CGT line in 1983, the most recent congressional elections left only five CGT leaders in the lower house.

For their part, the dissidents from the Argentine Workers Congress (CTA) and the Argentine Workers Movement (MTA) (the rebels who organized the federal march in 1994) put their money on the Bordon-Alvarez ticket of Frepaso [Front for a Country in Solidarity].

Menem's reelection in the first round of balloting (which the CGT did not want so that it would not have to deal with a stronger Menem) failed to prolong Cassia's days in the CGT. But getting construction union leader Gerardo Martinez to say yes and accept the post was like pulling teeth.

The mounting unemployment rate and the need to get tough with the administration forced Martinez (a former Ubaldini backer who switched to a pro-Menem stance but who has strong ties to the Duhalde faction) to take a combative stance, which translated into the call for a work stoppage on 6 September.

Accompanied by the rebels from the government workers union and the bus drivers union, Victor de Gennaro (CTA) and Juan Palacios (MTA) respectively, who were enthusiastic about the possible "unity in action," Martinez became the face of the strike and the voice of the massive rally in Congress Square that followed the work stoppage.

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Martinez' lack of explicit criticism of Menem and his endorsement of the economic model made for a silent crowd, as the anti-Menem unions left the scene ahead of schedule.

In spite of all this, the echoes of the mobilization led to the high point of the year for the CGT: it stopped the deregulation of the social-benefit funds (the few polls in the labor leaders' favor show majority support for continued union management of these health-care groups); the cut in specific contributions was scaled back, and a tripartite board was set up to discuss remedies for unemployment.

But the accord left a toll of wounded: the order to liquidate the bank social-benefit fund (which was finally taken over) slammed the door on Juan Zanola, who left the CGT.

Busy later on in an exhausting tug-of-war with the Ministries of Economy and Labor (which the unions see as a Cavallo "dependency") over the implementation of the accords, the CGT seemed like a ghost during the social upheavals in the provinces. The dissident unions did no better; their latest forays into the streets showed that their growth has clearly reached its limit.

[Box, p 6]

The Year in Organized Labor

- 15 March: Criticized by his peers, Antonio Cassia, the head of the CGT, demands government posts for organized labor. He is unsuccessful.
- 23 March: The labor reform law for small and medium-sized business is enacted. The CGT now says that it will support no more bills to make hiring and firing workers easier.
- 12 April: The labor union conflict in Tierra del Fuego reaches its peak: construction worker Victor Choque dies during a protest march.
- 17 April: Carlos Menem and the CGT agree that the administration will create a Social Emergency Committee.
- 21 April: The dissident unions (grouped together in the CTA and MTA) stage a general strike to protest Choque's death.
- 6 June: CTA affiliates elect a new leadership directly, an unprecedented development. The leadership of Victor de Gennaro, head of the public employees union, is confirmed. But the administration does not recognize the election.
- 4 July: Construction union chief Gerardo Martinez replaces staunch Menem backer Cassia as head of the CGT.
- 29 July: Duhalde visits the CGT and echoes labor's complaint about the cut in employer contributions. A feud with Cavallo breaks out.
- 6 September: The work stoppage by the CGT and the dissident unions has a partial impact. The rally in Congress Square marks the biggest protest of the Menem era: 60,000. Angered by Martinez' speech, the opposition unions walk out of the rally.
- 20 November: The opposition unions march on Mayo Square with 12,000 persons. They call for a work stoppage in December.
- 20 December: At a meeting with the CGT, Menem revives the promises of a dialogue and seems to neutralize possible strikes.

Argentine Labor Issues, Study on Disputes Viewed

96SM0052A Buenos Aires LA NACION in Spanish 5 Jan 96 p 9

[Commentary by Fernando Laborda: "The Labor Menu for 1996"]

[FBIS Translated Text] The modification of the old law on joint employer-employee boards, a new law on the system of family allowances, the creation of the for-pay employment agencies, and the approval of a different system of severance pay will be the main ingredients in the recipe that Labor Ministry specialists have prepared in a bid to hone the job market and combat unemployment.

To Minister Armando Caro Figueroa, there is a much more potent antidote: comprehensive reform of the system of labor relations, which various employer groups are also demanding. Nevertheless, the lack of an agreement on the basic components of the reform and the possibility that too much spice might cause indigestion for the "gourmets" in organized labor presumably prompted the "chefs" at the Labor Ministry to save it for dessert, after everyone has digested the opening courses of the labor menu for 1996.

In any event, the appetizer does not seem to have been all that successful. The executive branch sent Congress a family-allowances bill that sought to cut labor costs. But the deputies incorporated so many changes into it in committee that little of the original recipe remained.

Another of the early courses, the bill on compulsory labor reconciliation, which is designed to cut down on labor-related lawsuits, met with a better fate, as only Senate approval is pending.

The bill creating for-pay employment agencies, the private firms that exist almost all over the world, has still not been taken up, however.

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The main courses are still being prepared. The new collective-bargaining bill, which will have to amend the 1954 law on joint employer-employee boards (14,250), has to be studied in a commission formed by the administration, management, and labor. Owing to the resistance of the latter, the bill is only being "simmered."

Something similar could happen with the plans for the severance-pay system, unless the high priests of labor see a chance to become involved in the business, as when the private retirement system and the new system of occupational-accident insurance were established.

Wages and Disputes

A private study reveals that although 1995 saw the most labor unrest so far this decade, with 1,370 strikes, compared to 1,039 the year before, Argentine workers have been using layoffs less and less as grounds for unrest.

Strikes are called most often on account of wages (65.4 percent), followed by provincial laws or decrees, in other words, partly for political and ideological motives (16.3 percent).

This is one of the conclusions of a nationwide study by the Independent Social Research Consultancy (CISI).

Delays in wage disbursements were the number one reason for work stoppages, 57.6 percent. One interesting fact, in the firm's opinion, is that "the more conflicts there were over delays in getting paid, the fewer conflicts there were over wage hikes."

This is the main difference in the grounds for unrest. In 1993, late pay triggered just 12 percent of all strikes; the following year the figure rose to 20 percent, and it is now more than a half. In contrast, strikes in support of demands for higher wages decreased from 34 percent in 1993 to 27 percent in 1994 and to 2.8 percent in 1995.

There are several ways to interpret this development. To some, the decline in demands for higher wages has to do with inflation being under control and economic stability. In the view of the more pessimistic analysts, in contrast, it is a reaction to the declining level of expectations among Argentines, who are increasingly forced to settle for what they have and for getting paid on payday.

As reported a week ago in this column, labor disputes in the public sector are on the rise, at the expense of those in the private sector. According to the aforementioned study, government workers staged 67 percent of the work stoppages last year, whereas employees in the private sector staged 19 percent.

Protests in the bank sector increased 327 percent over 1994, while strikes in manufacturing dropped 30 percent during the same period.

Rio Negro, Cordoba, Tucuman, Tierra del Fuego, and San Juan were the provinces in which conflicts increased the most last year, whereas in Buenos Aires, the Federal Capital, and Salta work stoppages declined strikingly from 1994.

'Pitiful' State of Argentine Armed Forces Criticized

96SM0052B Buenos Aires LA NACION in Spanish 3 Jan 96 p 7

[Commentary by Horacio Jaunarena, national deputy and former defense minister: "The Restructuring of the Armed Forces"]

[FBIS Translated Text] The so-called Public Hearings on National Defense were held during the last third of the year; they were organized by the Defense Committees of the Chamber of Deputies and the Senate. Taking part in them were national and foreign experts, as well as the chiefs of staff of our Armed Forces, who at confidential sessions frankly and bluntly described the current status of each branch of which they are in charge.

The overall conclusion that can be drawn from these hearings is that we are witnessing an ongoing, progressive deterioration of their equipment.

Whether we like it or not, the current state of our Armed Forces is characterized by obsolete or nearly obsolete materiel, inadequate maintenance owing to the lack of spare parts, insufficient time for training personnel, prominent officers leaving the service, and discouragement among those who remain on active duty owing to low expectations.

We have gotten to this regrettable situation as a result of two concurrent factors: on the one hand, an inadequate budget that is having an increasingly serious impact on the sector (bear in mind that the funding which the Armed Forces have available for operating expenditures is down two-thirds from what they were allocated in 1986), and, on the other, the absence of a policy in the sector that provides for ways to tackle and resolve the crisis.

Funding the Same

The 1996 budget appropriates practically the same amount of funding for defense as in the three previous years. What does this mean? That if we do not change our policy or, rather, if we do not decide on a policy for the sector, the situation by late next year is going to be

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much worse than it is now. Equipment will continue to deteriorate; maintenance is going to become even more inadequate owing to the absence of parts; the training of our men will become increasingly deficient due to a lack of funds, and more and more trained personnel will leave the military.

A policy that will lead to the restructuring of our Armed Forces is no longer necessary just to adapt to the times; it has become a requirement for the Argentine Republic's system of defense to survive. Two actions are required to this end. In the first place, the main objective that will guide the restructuring needs to be defined. In this connection, the new international order does not guarantee that a supranational entity will be able to take effective, timely action to deal with the contingency of a conflict. Therefore, Argentina must have an adequate deterrent; this is the goal to be pursued.

Second, the Defense Ministry must take charge of the process. It is as erroneous to assume that the Armed Forces themselves will undertake their own overhaul as it is to endeavor to do so without their involvement. What is needed is appropriate political leadership to spearhead the process, not just to manage the crisis.

How To Restructure

There must be assurances that the effort will be continued over time. Therefore, multiyear budgeting will ensure that the undertaking will not have to be halted in midstream due to lack of funding. But it is not just a question of budgeting the funds. They must be disbursed in timely fashion; otherwise, there is no reason to have a budget.

Attaching priority to operations rather than bureaucracy, simplifying administrative structures by abolishing overlapping agencies and activities, setting in motion a medium- and long-range equipment-modernization plan that will ensure us a system with a high degree of mobility and adequate fire power, updating the laws pertaining to military personnel, and establishing a definitive hierarchy for joint action are some of the endeavors that must be part of this restructuring of the military.

The Armed Forces have drafted plans that must, of course, be made compatible, and any differences that arise need to be ironed out. This is precisely the task that only the sector's political leadership can perform, by spurring efforts and by overcoming the inertia that always works against any process of modernization in whatever area it is proposed.

Our choice is: either we restructure or we allow our Armed Forces to become ornamental tools for everything except the defense of our country.

It is up to the executive branch to take the first step, which has already been delayed too long. If it does not, it will be shirking its responsibility not only to the present but also to the generations that will follow us.

Bolivia

Bolivian Minister on CIA Group Visit, Drug Enforcement

PY2201180296 Madrid EFE in Spanish 0138 GMT 20 Jan 96

[FBIS Translated Text] La Paz, 19 Jan (EFE) — Bolivian President Gonzalo Sanchez de Lozada today asked the Central Intelligence Agency (CIA) director, John Deutch, to convey to U.S. President Bill Clinton the necessity of receiving additional economic support for drug enforcement.

This petition was raised by the Bolivian president who was visited by the CIA director today. Deutch arrived in Bolivia as part of a tour of Colombia and Panama to become acquainted with the joint drug enforcement efforts.

Deutch was accompanied by Lieutenant-General Kenneth Minihan, Defense Intelligence Agency director; DEA Deputy Director Steve Green; and Brian Sheridan, the Defense Department's assistant secretary for drug affairs.

Bolivian Government Minister Carlos Sanchez Berzain reported that, even though the U.S. delegation's visit was a protocol visit, it allowed the president to express to the CIA director Bolivia's concern about having more funds for drug enforcement.

Continental and international efforts to counter terrorist activities were also discussed during the meeting.

The government minister emphasized: "The president has expressed that, within the framework of shared responsibilities, Bolivia requires economic assistance to pursue drug enforcement as the coca crops that are being eradicated in our country have to be compensated for. This is the policy that we are implementing."

Sanchez Berzain noted that Sanchez de Lozada very clearly expressed that Bolivia is a poor country, but nevertheless it allocates a very high percentage for drug enforcement, a percentage that is much higher than that allocated by other nations.

Sanchez Berzain reported that the CIA director praised the Bolivian Government's drug enforcement efforts in

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1995 and listened to President Sanchez de Lozada's concern in achieving additional financial support in this field. Sanchez Berzain emphasized: "In Deutch's opinion, Bolivia is one of the most effective countries in drug enforcement." Sanchez Berzain denied that the presence of the CIA director represents U.S. Government pressure to force Bolivia to implement a harder drug enforcement policy.

Sanchez Berzain emphasized: "We have not noticed or perceived any pressure. We have received guarantees and a commitment that the levels of cooperation that we have been requiring would be taken into account and we hope that they will be approved."

With regard to the talks on terrorist activities in Latin America, Sanchez Berzain reported that Bolivia is a privileged country as there is no terrorism here. He noted that the abduction of industrialist Samuel Doria Medina rather indicates activities by foreign terrorists.

Sanchez Berzain added: "Deutch has clearly noted that he does not believe in the existence of terrorism in Bolivia. Nevertheless, we believe the Bolivian state must take precautions to prevent subversive groups from entering our country. In this regard, any recommendation is welcome."

Bolivian Commander Denies Connection With CIA Efforts

PY2401013096 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 23 Jan 96

[FBIS Translated Text] The Armed Forces have nothing to do with the task that the U.S. CIA is carrying out in Bolivia, according to the commander in chief, General Reinaldo Caceres.

In addition, I have no knowledge of any agreement that, for instance, would permit an element of this type to become associated with the Armed Forces. We have no knowledge in this regard, nor do we have anything to do with this task, the military chief said, commenting briefly on the topic.

Bolivia To Appeal U.S. Decision on Paz Zamora's Visa

PY1801213396 Madrid EFE in Spanish 1819 GMT 16 Jan 96

[FBIS Translated Text] La Paz, 6 Jan (EFE) — Bolivian Government representatives have expressed their willingness to do everything possible before the U.S. Government to clarify the situation of former President Jaime Paz Zamora, whose entry visa was canceled by the U.S. Consulate because of his alleged links with drug trafficking.

Paz Zamora ruled Bolivia between 1989 and 1993. Shortly after returning to La Paz from Chile he announced that he will ask the U.S. Embassy to show proof and give a clear explanation for canceling his visa. Paz Zamora added that with or without a visa he will be a presidential candidate in the 1997 elections.

President Gonzalo Sanchez de Lozada said that the government is willing to cooperate in the effort to clarify the affair if Paz Zamora or his party, the Movement of the Revolutionary Left (MIR), make a request to that effect.

The U.S. Consulate canceled the visas to enter the United States held by Paz Zamora, his sister Edith, and MIR leader Oscar Eid based on a clause referring to individuals involved in "terrorist acts, international crimes, and drug trafficking," according to a note sent to the former president on 9 January.

The consulate decision, which was known on 11 January — after the MIR announced that Paz Zamora would be the party's presidential candidate in the 1997 elections — revived the suspicions and anti-American feelings of many Bolivians, but also increased the weight of those who believe that the affair is a warning to Bolivian politicians seeking to make them wary of any links with drug trafficking.

The MIR had an emergency session and decided to take up the problem, not as if it were Paz Zamora's personal problem, but "as a problem affecting the party and the country." The MIR also decided to stress "the party's full confidence" in his leader and founder Paz Zamora and in MIR leader Oscar Eid, who has been detained in a prison in La Paz for over a year to answer charges of covering up drug trafficking activities. The Bolivian Congress ordered Eid brought to trial.

Paz Zamora today began a number of meetings with his fellow party leaders and confirmed his decision to run for president in the 1997 elections. He stressed that "in democracy, only the vote of the Bolivian people can veto a candidacy." He admitted, however, that the U.S. Consulate decision will cause him a serious political damage.

The former Bolivian president, who in 1991 faced one of Bolivia's worst crisis in its relations with the United States as a consequence of the appointment of Colonel Faustino Rico Toro as antinarcotics commander, said he feels a lot of respect for the U.S. people and Government. Rico Toro is currently waiting to be sentenced by a U.S. court for alleged drug-trafficking crimes.

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Bolivian Daily Views U.S. Handling of Visa Issuances

PY1901161496 La Paz PRESENCIA in Spanish 16 Jan 96 p 3

[Editorial: "The Sheriff's Visas"]

[FBIS Translated Text] A visa is a requirement authorizing the holder to enter a foreign country. It is a stamp on a passport that serves several purposes, which vary according to the status of the holder and the reasons for his/her trip. In fact, it is a mechanism for the police to exert control over the international movement of travelers, although citizens from some countries — particularly those under dictatorial regimes — must also have the requisite visa to enter their own countries.

This was the prevalent practice in Bolivia until some years ago. Bolivian authorities — through their consulates — came down heavily on political opponents, many of whom were exiled in practice since their applications for an entry visa were turned down because they had been blacklisted.

Things have changed, especially in what pertains to relations between neighboring countries following regional or subregional integration agreements. Bilateral or multilateral agreements have resulted in the reciprocal elimination of visa requirements to facilitate exchanges of travelers.

The opposite is true in the case of entry requirements between industrial and developing countries due to the growing legal and illegal migration to the centers of wealth. This is the case of the United States and European countries, where immigrants are a constant headache. These countries are making every endeavor to stem the flow of immigrants, and they use entry visa requirements as a selective and restrictive instrument.

The scores of persons who daily queue up outside the U.S. Consulate in La Paz are very much aware of this. The payment of $20 is mandatory to apply for a U.S. visa. Still, 90 percent of applicants leave the embassy without having obtained their visa for the United States, without having recovered the $20 — which is retained to pay expenses for the rejection of the visa application — and without having been given an explanation.

Uncle Sam seemingly sees a disguised illegal immigrant or a potential drug trafficker in each and every applicant for a U.S. visa and blocks entrance to his country to everybody, even though the innocent thereby have to pay, as well as the guilty.

These rejections are of no consequence except when the United States expressly cancels the entry visa of highly reputable political figures, as is now the case with former Bolivian President Jaime Paz [Zamora], who is suspected of drug trafficking links. There are those who believe that this will spell the political demise of the former president. His supporters, however, think that this incident may even help him obtain more votes in case he chooses to run for president.

In any case, it is preposterous that the United States should arrogate to itself the role of world sheriff [preceding word in English and italics] and sit in judgment on people, finding them guilty or not guilty by means of such biased procedures. Nevertheless, the United States was hoist with its own petard in the case involving [Yasir] 'Arafat and [Colombian writer Gabriel] Garcia Marquez. The United States labeled them communists and rejected their visa applications, but while Washington was making a great to-do, half of mankind was trying hard not to chortle with mirth.

Bolivian Foreign Minister Views Antidrug Efforts, U.S. Aid

PY1701190396 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 17 Jan 96

[FBIS Translated Text] Bolivia will demand understanding from the United States regarding the sacrifice that it is making in the fight against drug trafficking.

The U.S. Government should respond more equitably to the sacrifice and the political will that Bolivia has demonstrated in 1995 to comply with the requirements that are contained in the non- negotiable ultimatum, Foreign Minister Antonio Aranibar stated.

He said this when he mentioned the already announced cut in the U.S. Economic Cooperation Program for 1996, in which the balance of payments item [word given in English] where by the United States supports Bolivia will be dramatically reduced.

The United States should make an effort to respond to the sacrifice, commitment, and political will of the government, the foreign minister stated.

Aranibar lamented the fact that last year the dormant bilateral relations could not be enlivened, precisely due to the complexity of the antidrug fight, which is another scenario that uncovers the level of dependency of our country.

He stated that since 1993 and 1994 there was a lot of inactivity in the eradication of excess coca plantations and at the same time there was a reduction process together with the sowing of new plants, which caused the United States to collect on unmet obligations.

The results of the famous ultimatum that finally ended in the signing of a new Extradition Treaty, which contains

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a retroactivity clause, and the elimination of 5,400 hectares of coca plantations in 10 months placed the Bolivian Government in a better position to demand reciprocal treatment.

But, even though the risk of decertification is latent for this year, Bolivia is very far from obtaining concrete results due to the internal economic and political crisis within the U.S. Government.

Finally, the foreign minister maintained that, or had to acknowledge, that there is an undeniable imbalance in the relations between the two countries that has repercussions in the overall ties between Bolivia and the United States.

As the tango goes: We are nothing.

Bolivian Court Authorizes Extradition of Drug Traffickers

PY1701120496 La Paz PRESENCIA in Spanish 11 Jan 96 Section 2 p 2

[Article by Sixto Valdez Cueto]

[FBIS Translated Excerpt] Sucre — The Supreme Court approved, on 10 January, the extradition to the United States of Bolivians Mauricio Rosales and Iver Salas Parada, who have been accused of having links with drug traffickers Jorge Roca Suarez, "Techo de Paja," and Faustino Rico Toro.

The court also decided to declare as inadmissible the request for the extradition to the United States of the alleged Bolivian drug traffickers Juan Padilla Burela and Jorge Callau Tarabillo.

An official Supreme Court communique indicates that the sentences have been studied carefully by the magistrates and they have as their grounds the fact that they are based on the 1900 Extradition Treaty that was signed by the governments of Bolivia and the United States and on the Vienna Convention.

According to the communique, there are currently no pending extradition requests with the exception of those that are awaiting a decision by the Attorney General's Office.

The Supreme Court did not reveal major details about the persons to be extradited. [passage omitted]

Bolivia Issues Decree on Impoundment of Drug Assets

PY1001015596 La Paz PRESENCIA in Spanish 23 Dec 95 p 7

[FBIS Translated Text] After nearly a year of careful scrutiny and specialized work, the Sanchez de Lozada administration issued on 22 December a regulatory decree for the management of impounded assets from drug traffickers while the latter are tried in a court of law.

The text of Supreme Decree No. 24126 was released to the press on 22 December by Government Minister Carlos Sanchez, who underscored the importance of the document and pointed out that it will enable a management that is more in keeping with the constitutional guarantees of the persons prosecuted under the Coca and Controlled Substances Regulations Act (1008).

The following is the highlight of the preamble of the decree: "As long as a condemnatory sentence having the status of a matter that has been finally decided is not passed, the accused is presumed innocent, as set forth in Article 16 of the Constitution."

The decree makes it clear that impoundment is not synonymous with confiscation and describes the legal scope of both concepts.

In its operative part, Decree 24126 clearly describes all the steps the authorities must follow in order to responsibly manage impounded assets from alleged drug traffickers within the appropriate legal framework and on the basis of the respect for private property.

The decree, which comprises 12 articles, provides for mechanisms for the management of personal property, real estate liable to search, airplanes, boats, weapons, money, jewels, securities, livestock, and raw materials.

The decree establishes that real property may be sold with the consent of the person prosecuted under Law 1008. If the latter is found not guilty, he/she will be able to recover his/her assets or the amount of money obtained by the sale of those assets plus interest. If the accused is found guilty, those assets or financial resources will go to the state.

Peruvian MRTA Member Comments on Abduction in Bolivia

PY2301020796 Madrid EFE in Spanish 2239 GMT 21 Jan 96

[FBIS Translated Text] La Paz, 20 Jan (EFE) — Martin Serna Ponce, a member of the Tupac Amaru Revolutionary Movement (MRTA) of Peru, the subversive group that perpetrated an abduction in Bolivia, has told EFE that the MRTA did not consider shedding "a single drop of blood in Bolivia."

Serna emphasized that Bolivia served for MRTA members as a "resting center" and a place to acquire forged papers and return to Peru to struggle.

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The man who held Samuel Doria Medina, a cement industrialist and a former Bolivian planning minister, for 46 days talked to EFE while the Bolivian authorities were transporting him to the "Chonchocoro" high-security penitentiary, about 30 km from La Paz.

The Bolivian police, who coordinated their activities with the National Counterterrorism Directorate of Peru (Dincote) and the Federal Bureau of Investigation of the United States (FBI), discovered that the MRTA had masterminded and perpetrated Doria Medina's abduction after the magazine NUEVA ECONOMIA mentioned him as one of the most prosperous entrepreneurs of Bolivia.

Doria Medina's abduction was perpetrated near the old zoo of La Paz on 1 November. After negotiations between members of the Peruvian subversive group and Doria Medina's family, a $1.4-million ransom was paid and the entrepreneur was released safe and sound on 17 December.

Serna emphasized that Medina's "rights" were respected, as proper with any "prisoner of war." He noted that the operation carried out in Bolivia was "absolutely clean and perfectly masterminded" to prevent confrontations with the police.

Serna noted: "We treated Doria Medina as a prisoner of war. He even had 'roasted [preceding word in English] chicken,' soft drinks, and chocolate milk. I was personally involved in guarding him. I bathed him twice. He changed his clothes, and we have accorded him humane treatment."

Serna explained that the MRTA goal in Bolivia involved establishing a logistical support base. He noted: "We never considered becoming involved in Bolivian politics."

Serna added: "We would not have shed a single drop of blood. We have respected the Geneva agreements with respect to domestic wars. We have always respected the lives of prisoners."

Serna indicated that, after being dealt a strong blow in his country in 1993, the MRTA members withdrew and reshuffled their national directorate, establishing their long-term programs.

Serna noted that he does not know if the MRTA members who masterminded and perpetrated Doria Medina's abduction had any ties with Bolivian trade union leaders, one of whom (Lucio Gonzalez) has been detained and has been included in the same court proceedings affecting Serna and eight other people, court proceedings in which Bolivians and Peruvians are involved.

Serna emphasized: "I believe that Peruvians alone participated in the abduction operation and in the ransom negotiations. I don't know about the rest. I cannot say if any Bolivians participated; that was not my responsibility."

Brazil

Brazilian Senator To Report on Sivam Loan Issue

PY2401012096 Rio de Janeiro JORNAL DO BRASIL in Portuguese 23 Jan 96 p 3

[FBIS Translated Text] Brasilia — Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso], rapporteur of the Senate committee investigating irregularities concerning the Amazon Region Surveillance System (Sivam) project, will have his report ready by 29 January. Everything indicates that he will propose that the Senate deny its authorization for the administration to contract foreign loans to fund the project. Commenting on remarks by Senator Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo], who is the government leader in the Senate, Sen. Tebet said: "I am not as sure as Sen. Alvares that Sivam will be approved."

Tebet also said that Francisco Graziano, former president of the National Land Reform and Settlement Institute (INCRA), may be summoned to testify before 31 January, the date set for the Senate committee to vote on the rapporteur's report. Graziano is the main suspect in the case involving the ordering of a wiretap on the phone of Julio Cesar Gomes dos Santos, former Planalto Palace protocol chief. Gomes was later dismissed under suspicion of having engaged in influence peddling to favor Raytheon, the U.S. company selected by the Brazilian Government to implement Sivam.

By not ruling out Graziano's testimony before the committee, Tebet has contradicted Senator Antonio Carlos Magalhaes (PFL-BA) [Bahia], the chairman of the committee, who stated that the period for testimonies was closed once and for all. Sen. Magalhaes, who had earlier described the Sivam contract with Raytheon as "immoral," has continued to refrain from commenting on the issue. He noted, however, that "the trend in the Senate is to follow the report."

Brazilian Senator Predicts 'Narrow' Sivam Approval

PY2401014896 Sao Paulo AGENCIA ESTADO in Portuguese 2323 GMT 23 Jan 96

[Report by Ricardo Amaral]

[FBIS Translated Excerpt] Brasilia, 23 Jan (AE) — Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal

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Front Party-Bahia State] has described the sale of the Economico Bank to Excel, which was authorized by the Central Bank [BC] on 5 January, as a "personal victory." It was after granting this authorization that the administration regained its chances of having its contract with Raytheon for the implementation of the Sivam [Amazon Region Surveillance System] project approved by the Senate. Sen. Magalhaes, who chairs the committee that is investigating the Sivam project, said: "The administration is going to win by a narrow margin of some 10 votes, but it is going to win." He added: "They are going to claim that Sivam is being approved because of the Economico Bank case. That is all right. Although my personal vote will be against the project, I will not do anything to create problems for the administration."

In an informal conversation with reporters on the evening of 22 January, Magalhaes admitted to having pressured President Fernando Henrique Cardoso to end the BC intervention in the Economico Bank. The BC intervention, which started on 11 August 1995, ended when the BC authorized the sale of the Economico Bank to the Excel Bank. Sen. Magalhaes said: "[Finance Minister] Pedro Malan was inclined to favor the bid made by the Bozzano Simonsen Bank, which was like a joke." He added: "Fortunately, the best decision was ultimately made." [passage omitted]

Magalhaes said Malan was inclined to favor Bozzano Simonsen because of his good personal relations with businessman Paulo Ferraz, one of the leaders of the group. "Technically, the Bozzano Simonsen proposal was a bad one, which was unfortunately formulated by a native of Bahia state, our friend Daniel Dantas." He said: "They understood this after I went to the Finance Ministry and talked to them." The BC authorization coincided with an improvement in the adminstration's position with regard to Sivam in the Senate super committee.

Magalhaes said: "Should I be charging against it, the project would not pass." He added: "Yet, they would start writing editorials as to how the Magalhaeses are jeopardizing the country." He said that his change of attitude toward Sivam was simply designed "to not create problems." He also noted that they were referring to the Magalhaeses. He said: "They were trying to jeopardize my son's [Chamber President Luis Eduardo Magalhaes] political future." Sen. Magalhaes believes that all the effort he has made in the past six months was worthwhile. "It was a victory for me and the Bahia people are aware of this."

Magalhaes continues to believe that the Brazilian Government made a mistake by dispensing with an international bidding in awarding the purchase of the equipment intended for the Sivam project. He does not approve of ESCA [Automation and Control Systems Engineering] involvement in the selection of Raytheon. Yet, as soon as the Economico Bank issue was resolved, he recommended that the president of the Republic use political arguments to persuade the senators, and to put the Aeronautics Ministry's technical explanations on the back burner. He said: "The decision will be a political one and, in this respect, the administration stands a good chance of success."

'War' Climate in Brazilian Senate Over Patent Bill

PY2401024996 Sao Paulo AGENCIA ESTADO in Portuguese 2255 GMT 23 Jan 96

[Report by Ribamar Oliveira, Rosa Costa, and Isabel Braga]

[FBIS Translated Text] Brasilia, 23 Jan (AE) — An atmosphere of "war" was created today in the Senate over the report prepared by Senator Fernando Bezerra (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte] on the Patent Bill, on which the Economic Affairs Committee [CAE] is scheduled to vote tomorrow. Senator Ney Suassuna (PMDB-PB) [Paraiba] accused the administration of using the rescheduling of the debt of states as a bargaining chip to push for approval of Bezerra's report. Suassuna said: "A senator has told me that he is going to vote against his beliefs because his state needs a federal guarantee to obtain an 800 million real [R] loan." Suassuna added: "This senator received telephone calls from the governor of his state and from Vice President Marco Maciel asking him to vote for Bezerra's report." Suassuna declined to reveal the name of the senator.

Senator Fernando Bezerra denied the charge that the administration is using this type of maneuver and accused "the other side" of "playing hard ball." The administration's efforts to defend Bezerra's report included actions by Vice Prepsident Maciel, by Senate government leader Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo], and by PSDB [Brazilian Social Democracy Party] bloc leader Sergio Machado (CE) [Ceara]. Late tonight, the pro-government lawmakers were confident that Bezerra's report will be comfortably approved. Yet, Sen. Suassuna has different figures and believes that, despite the administration's pressures, Bezerra's report will be defeated by a 16-10 vote.

The CAE had already approved Bezerra's report in general, but it had set aside eight issues on which a separate vote was to be taken. The atmosphere of "war" surrounding the vote concerns one separate issue raised by Sen. Suassuna, who proposes that the "pipeline"

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rule — which recognizes a patent before the respective product has been marketed — be removed from the bill. After a patent has been recognized, a product may undergo laboratory tests from eight to 10 years before reaching the market.

Suassuna said: "If the 'pipeline' is approved, Brazilian companies will go bankrupt." He added: "Potential losses have been estimated at R4.8 billion." Sen. Bezerra, who is president of the National Confederation of Industry (CNI), said that it would be absurd for him to be defending a proposal that would be detrimental to the national industry. Bezerra said: "I have talked with enterpreneurs of this area and I can give assurances that Brazilian industry will not be affected by the pipeline." He added: "One of us is wrong." He said: "I believe Sen. Suassuna does not know what the pipeline is, or is putting the issue in the wrong perspective."

Sen. Bezerra believes Brazil must make a decision: "To stop copying now, or 10 years from now." He added: "I believe it must stop now because the country will not win anything by continuing to copy patents." Bezerra met this afternoon with Vice President Marco Maciel at Planalto Palace to discuss his report and the administration's strategy for tomorrow's vote.

Maciel phoned several senators to academically explain the administration's interest in having the Senate approve the pipeline. Maciel also talked with several governors, urging them to influence their state blocs. Senators Alvares and Machado were fully involved in conversations to guarantee approval of the report favored by the executive branch. They visited their colleagues today, separately, to emphasize the significance the approval of the pipeline will have for creating jobs and for promoting development in the country.

Brazil's Santa Catarina Governor Discusses Reforms

PY2301132296 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Jan 96 p A9

[Interview with Santa Catarina Governor Paulo Afonso Vieira by Vannildo Mendes; place and date not given]

[FBIS Translated Text] [Mendes] How will you face public workers' reactions to your decision to limit their salaries?

[Vieira] The same law that establishes workers' rights says that the state must only use 60 percent of its budget for the payroll. I understand that the juridical system is harmonious, that juridical norms are not in conflict with each other, and that we must interpret all norms as being part of a whole. I use a very simple phrase: Everybody has the right to everything, although always within the 60 percent limit. We are not confiscating anyone's salary; we are suspending payments. Everyone has all their rights and advantages guaranteed, but they will receive only part of it now. The other part will be paid when the state recovers its capacity to pay.

[Mendes] But in practice salaries will be reduced. Is that not unconstitutional?

[Vieira] A state is unconstitutional when it does not provide health assistance to the population, when it does not provide education for children, when it does not provide medicine for public hospitals, when roads are in disrepair, and when citizens do not have electricity in their homes.

[Mendes] Besides salaries, what else was cut?

[Vieira] We also cut some privileges that are no longer appropriate. These privileges make the payroll suffer what is known as vegetative growth. We must eliminate those items because tax collections are stable while the payroll continues increasing — in some states up to 3 percent per month — without any additional government spending, only because of the incorporation of advantages, privileges, and other such things.

[Mendes] Who is responsible for those distortions?

[Vieira] The distortions are produced by the same constitutional rules. This is why I always speak about the need for administrative reforms. First, we cannot adjust salaries without a law. This is a basic principle. Today it is possible to increase salaries by resolution. The Constitution gave autonomy to each state power and other powers to disregard the law to increase salaries, particularly the salaries of their political agents.

[Mendes] But why do you think it is necessary to change federal laws?

[Vieira] Just look at what happens. It is necessary to do away with the concept of salary equity. The concept only creates chaos. When a federal deputy has a salary increase, here in Santa Catarina I must increase the salaries of military police soldiers. This is how it works: When a federal deputy has a salary increase a state deputy must also have a salary increase. When a state deputy has a salary increase a chief justice must also have a salary increase. When a chief justice has a salary increase the attorney general must also have a salary increase. Then the state prosecutor thinks he has the same right and demands a salary increase as well. The police superintendent has the same rank as the state prosecutor and a Military Police colonel has the same right of a police superintendent. Finally, because in the military there is a salary hierarchy, when a colonel gets

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a salary increase we must also grant a salary increase to soldiers.

[Mendes] What else needs to be changed?

[Vieira] Another major issue is that concerning the retirement of public servants. Today, the state of Santa Catarina is devoting 30 percent of its payroll expenses to fund retirement checks. This situation cannot continue. Soon our payroll expenses will be completely absorbed by retirement checks. Despite the need to do so, we are not replacing outgoing public servants because we do not want to overburden our salary budget. This is already provoking a shortage of specialized professionals in several areas. In our state, by virtue of the state Constitution, the name of a deceased servant cannot be removed from the payroll because his widow is entitled to receive his full salary. No state could have healthy public finances in this way.

[Mendes] Will additional measures be announced?

[Vieira] We have created a committee that will be tasked with conducting a comprehensive survey of those situations which may have been overlooked during the first stage, as well as those measures that could be implemented as soon as the federal administrative reform is approved. We are going to pursue some reforms regardless of the outcome of the reforms in Congress. For instance, the issue of equalization of salaries. We are going to propose an amendment to our state Constitution to put an end to the salary equalization rule even before the Federal Congress votes on the issue in Brasilia.

[Mendes] How much savings do you expect to make through these measures?

[Vieira] Approximately 10 percent of our revenues, which would represent between 10 and 12 million reals [R] monthly and which would be invested in building projects. I want to make one thing quite clear: We are implementing this reform not because our state has gone bankrupt. Santa Catarina is up to date in its salary payments. We are not behind in any of our payments. We are proposing these reforms in keeping with our concept of state structure and of what a state should be like.

[Mendes] If Congress approves the bill ending the job security rule, are you going to use it to make further spending cuts?

[Vieira] The lifting of the job security rule will not result in massive dismissals. I am convinced about this. It will be an instrument that will enable a ruler, a public administrator to demand higher productivity from public servants. There will be dismissals, but they will not be significant. No one in his right mind would pick up his pen and dismiss 50 percent of his public servants because, after all, this would render his administration unmanageable.

[Mendes] Brasilia Governor Cristovam Buarque (PT) [Workers Party] has said that, in addition to corporatist groups, the courts have caused major complications to public administrators. Do you agree with him?

[Vieira] Yes, I do. Corporatist groups still represent a problem, but they have gradually lost strength. Corporatism has caused heavy damage to the states, to the federal government, and to society. I believe that, by calling frequent strikes and by making outrageous demands, they have obtained only meager results — namely that of making government organizations lose credibility in the eyes of the public. Society will not longer agree to having the public office used to serve the administration only or to be exclusively designed to pay for the salaries of public servants. Yet, the judicial branch continues to be out of touch with reality, as if it were in an ivory tower. Withdrawn within itself, the judicial branch has shown little sensitivity to acquired social rights. It continues to emphasize acquired individual rights, but it overlooks acquired collective rights. On many occasions, it has acted as though it is living in a world of its own.

[Mendes] Do you think it would also be appropriate to implement a broad judicial reform, including an external oversight system?

[Vieira] I am in favor of an external oversight system for the judicial branch. This would not entail supervising jurisdictional decisions made by judges. It is a prerogative of the courts to hand down independent decisions. Now, just as the executive and the legislature are submitted to a system of checks and balances, the judicial branch should follow suit. This is the essence of the system of checks and balances among the branches of government. One should check the other. They should harmoniously check each other. Society checks on all branches as a whole. The executive branch is watched by the Congress, the National Accounting Office, and by society. The executive branch and society, to a certain extent, also keep a watch on the Congress. Yet, the judicial branch stands on its own. Judging from the way the judicial branch has acted regarding its servants, it has become a branch that is not held accountable before society because its members do not even have to be elected. Its members are not held accountable before anyone for their errors.

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Roundup of Brazilian Economic Reports Through 19 Jan

PY2001021196

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 19 January.

Basic Leading Indicators

Trade Balance Deficit Noted — The Brazilian trade balance ended 1995 with a deficit of about $3.2 billion. Exports accumulated during the year totalled $46.506 billion and imports nearly $49.7 billion. The trade balance deficit in December totalled nearly $100 million because exports totalled $3.875 billion and imports nearly $4 billion. Compared to 1994, exports had a real increase of 6.8 percent in 1995: Basic products contributed with a $10.969 billion revenue and were 0.8 percent lower than the 1994 figures, while industrial goods contributed with $34.713 billion and increased 8.98 percent in 1994. Semi-industrial products, however, increased by as much as 32.9 percent. (Sao Paulo GAZETA MERCANTIL in Portuguese 16 Jan 96 pp A1, A5)

Financial Operations

Telebras Returns to International Market — Brazilian Telecommunications, Inc., Telebras, returned to the international market on 16 January after a more than two-year absence. It issued three-year term Eurobonds in the value of 250 billion Italian lire, which are equivalent to $150 million. In addition to the Telebras operation, other bonds will be sold in the international market. The Sao Paulo Power Company, Inc. — for example — is waiting for a Senate authorization to sell $700 million in the German market. (Sao Paulo GAZETA MERCANTIL in Portuguese 16 Jan 96 pp 1, B1)

BM&F Registers Increase in Contracts — The Commodities and Futures Market, BM&F, has closed 1995 with $148.8 million in negotiated contracts. This, represented a 34-percent increase over 1994. The BM&F thus became the third largest derivatives stockmarket in the world, right after the Chicago Board of Trade and the Chicago Mercantile Exchange. The average volume of daily contracts totalled $697,000 and the financial total reached the level of $3 trillion. The contracts with the largest volume of negotiation were the exchange and interest rate contracts. The exchange market negotiated 301,000 contracts per day. This number was 88.9 percent higher than the 1994 one. The volume of contracts negotiated in the interest market increased by 23 percent. The gold market, however, continued to decrease and only an average 450 kg were sold per day. This amount was much lower than the more than 2 metric tons that were negotiated per day in 1994. If the Central Bank approves the project calling for internationalization of the BM&F activities, this area will continue to grow, as it has been doing in the last few years: In 1993, the BM&F negotiated $500 billion; In 1994, it negotiated $1.5 trillion, and it closed 1995 with $3 trillion. (Sao Paulo AGENCIA ESTADO in Portuguese 1933 GMT 16 Jan 96)

Sao Paulo Debt To Roll Over to June — On 16 January, the Senate authorized the Sao Paulo Municipality to roll over, until June, up to 98 percent of the debt represented by the Municipal Treasury-issued certificates. At the end of 1995, the public domestic debt of the Sao Paulo Municipality totalled 3.951 billion reals, R. (Sao Paulo AGENCIA ESTADO in Portuguese 2317 GMT 16 Jan 96)

Bank Sells Certificates in German Market — A Brazilian bank sold on 15 January certificates of the BBA Creditanstalt Bank in the German market. The certificates, which were worth 100 million DM, had a three-year term and were sold in an operation led by the Banque Paribas and in partnership with the Austrian Creditanstalt Bankverein, which is an institution that operates in the DM area. This has been the first time a Brazilian bank conducts that sort of operation in the German market in association with a foreign institution. (Sao Paulo GAZETA MERCANTIL in Portuguese 16 Jan 96 p B3)

Sao Paulo Debt Increases Over 100 Percent — The Sao Paulo Municipality's domestic public debt, which is represented by the certificates issued by the Municipal Treasury, has increased by 106.10 percent in one year. A report recently released by the Central Bank states that this debt increased from R1.917 billion in January to R3.951 billion in December 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 2145 GMT 17 Jan 96)

Fiscal, Monetary Issues

Central Bank Transfers Funds to Economico — Economico Bank advisers have reported that the Central Bank has transferred R220 million to their bank and that nearly 50,000 of the 800,000 Economico Bank clients will have the right to receive a banking insurance of up to R20,000. (Sao Paulo AGENCIA ESTADO in Portuguese 2045 GMT 16 Jan 96)

Privatization

CVRD Privatization Model Viewed — The importance that the privatization of the Rio Doce Valley Company, CVRD, has for the government can be measured by Planning Minister Jose Serra's presence in Rio de

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Janeiro on 16 January, when he attended the ceremony during which the National Bank for Economic and Social Development, BNDES, and the consulting companies that will evaluate the CVRD's economic and financial situation was signed. The consultant companies now have 150 days to present their report. The consortiums led by Metal Data (Service A) and Projeta (Service B) will establish the CVRD price, but Projeta and its partners — Merril Lynch, Pierce, Fenner & Smith Incorporated/N.M. Rothschild & Sons/Brazilian Discount Bank/KMG/Graphus Bank/ and the Engevix Engineering — will also have to establish the payment conditions. CVRD President Jose Schettino believes the company should be sold as a whole, but Minister Serra said that the government will wait for the consortiums' reports in order to decide the privatization model to be adopted in this case. (Sao Paulo AGENCIA ESTADO in Portuguese 2052 GMT 16 Jan 96)

Energy-Producing Area Analyzed — Antonio Imbassahy, who is president of the Brazilian Electric Power Company, Inc., Eletrobras, has reported that after the privatization auction of the Rio de Janeiro Light and Power Company, which is scheduled for March, the government will open a concession for exploitation of a hydroelectric dam already in operation. "We are still studying this possibility, but if it takes place, it will be a sign that will help consolidating the privatization process," he said. "Considering the growth rythm, there will be possibilities of an energy shortage, beginning 1998," he added. The Eletrobras president also reported that the holding paid for $1.1 billion of the Brazilian foreign debt; R500 million of the domestic debt; reduced its expenses by R350 million; and dismissed 4,000 people. He added: "Nevertheless, we have invested only R1.05 billion and this is a very low level of investment." Imbassahy said that the government is preparing an agreement to be signed with Paraguay for the payment of this country's debt with Itaipu Binational through certificates of the Brazilian foreign debt. He explained that this system has already been used last year for the payment of $92 million of this debt. Brazil can now accept the same system for the payment of $300 million more. Regarding the debt of the Northern Brazilian Electric Power Plants, Inc. with the Andrade Gutierrez construction company, Imbassahy said that the two parties have almost reached an agreement and that the construction company will return the R235 million it received in public certificates and accepted the payment in cash of R104 million. (Sao Paulo AGENCIA ESTADO in Portuguese 2155 GMT 16 Jan 96)

Privatization Prices, Dates Viewed — The National Privatization Council, CND, decided on 17 January to increase the minimum price for the privatization of the Light and Power Company, which distributes electrical energy to Rio de Janeiro. Fernando Perrone, BNDES superintendent for privatizations, has reported that the overall price for the company's sale was increased from R3,002 billion to R3,717 billion. The reason for this increase were the changes implemented in the corporate income tax legislation, the basic rate of which dropped from 25 percent to 15 percent. As a result, the government increased the privatization price in order to collect the same amount of tax on the sale. Some 60 percent of the Light shares, which are equivalent to R2.336 billion, will be sold in the market and 10 percent will be offered to the Light employees. Of these 10 percent, 4.1 percent will be sold with a 70-percent discount over the minimum price established for the sale. The 12-percent shares the federal government owns will be sold after the company is transferred to the new owners and the value of the shares increases. The CND also defined the minimum prices for the concession of some stretches of the Federal Railroad System, Inc., RFFSA. The price for the concession of the most important one — which links Sao Paulo, Minas Gerais, and Rio de Janeiro to the ports of Santos and Sepetiba — will be R888.9 million, while the price of the stretch that links Parana, Santa Catarina, and Rio Grande do Sul will be R158 million, and that of the Tereza-Cristina stretch in Santa Catarina, will be R16.62 million. The date of the concession auction for these stretches, however, has not been set yet. Also as a result of changes in the income tax legislation, the price of other stretches of the RFFSA have been modified, including that of the stretch that links Corumba to Bauru, the tender bidding of which was announced in December. The auction will be held on 5 March, but the price has increased from R51 million to R60.2 million, while the price of the Center-East stretch has increased from R270 million to R316.9 million. The privatization auction of the Polipropileno company was postponed to 1 February and the price increased from R206.7 million to R236.1 million. The Copol company will be auctioned on the same day for a symbolic price, because the company has already been presenting losses. The sale of the Polibrasil company, the minimum price of which increased from R349.8 million to R393.1 million, will take place at least 100 days after the Polipropileno company is sold. (Sao Paulo AGENCIA ESTADO in Portuguese 1947 GMT 18 Jan 96)

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Continuing Reform of Brazilian Financial System Viewed

96SM0054A Sao Paulo VEJA in Portuguese 10 Jan 96 pp 68-69

[Unattributed article: "End of Soap Opera"]

[FBIS Translated Text] *During the first week of the year, the Central Bank sold the Banco Economico to Excel and turned Banerj [Rio de Janeiro State Bank] over to a private bank.*

Reform of the Brazilian financial system—the administration's major concern at the moment—took two important steps forward last week. On Monday the management of Banerj, the Rio de Janeiro State Bank, which had been under the Central Bank's intervention for a year, was taken over by a private bank: Bozano, Simonsen. Bozano was chosen through a bidding process to bring about the recovery of Banerj and make it ready for privatization within a year. But the most important news was announced by the BC [Central Bank] on Friday. The Banco Economico, under intervention since August of last year, has been sold to Excel, a medium-sized Sao Paulo bank owned by the Nasser family. It was reason for celebration. "The trauma is over. We succeeded in preserving the stability of the system," says Claudio Mauch, the BC's director of supervision. "Within 10 years at most, we will be among the five largest banks in the country," promised Gilberto Nobre, vice president of Excel.

The Banco Economico, once the country's seventh-largest bank, will reopen within 60 days thanks to an injection of 350 million reals by Excel. Of that total, 70 billion reals were provided by the Union Bancaire Privee, the Sao Paulo bank's Swiss partner. The deal was a copy of what happened when the Banco Nacional was purchased by Unibanco. The BC divided the Bahia institution into two parts, one good and the other bad. The good part was sold to Excel, which thereby took over 279 branches, 9,500 employees, as many customers as wanted to stay, and assets of 2.5 billion reals in the form of investments and loans to customers who are usually in the habit of honoring their commitments. Once incorporated into Excel, the new bank will have total assets of 4 billion reals, making it one of the country's 15 largest banks.

Loss

The bad part of the Banco Economico, ruined by irresponsible management on the part of former banker Angelo Calmon de Sa, consists of a debt of 3.6 billion reals owed to the BC and of loans to deadbeats. That part remains with the Central Bank, and to wipe it off the books, the BC will try to sell the Banco Economico's shares in petrochemical companies and collect from bad debtors by taking them to court. If it needs money, the BC will seize property belonging to Angelo Calmon de Sa and his partners and former directors to make up the difference. If there is still not enough money—as will probably be the case—the BC will bear the loss.

Sale of the Banco Economico is good for those customers who had money frozen in the bank and excellent for Excel, and it is also viewed by people on the government's economic team as a political victory for Senator Antonio Carlos Magalhaes. When the Banco Economico was placed under intervention in August of last year, the intention was to close it. After that the idea was to sell the institution to someone who would move its headquarters away from Salvador—a way of removing the bank from the influence of the Bahia PFL [Liberal Front Party]. That did not work either. Excel, all of whose business is based in Sao Paulo, has decided to keep the new bank's headquarters in Salvador.

Excel is a bank that knows how to make money. Ezequiel Nasser, its president, worked for his uncles Edmond in the United States and Joseph Safra in Brazil before opening his own institution. In less than six years Excel has grown into the country's 43d largest bank. It began by lending money to companies and recently opened a finance company to handle direct consumer credit. To set up its finance company, Excel put together, all at one stroke, a team of over 200 people who were working in a chain of department stores. When it began negotiating its purchase of the Banco Economico, Excel showed up in Brasilia with a ludicrous proposal. It wanted to take just the good part while also receiving financing of over 1.5 billion reals at subsidized interest rates. At least so far, Excel has not succeeded in obtaining the latter.

The problem with Banerj is different. Although it is continuing to operate, the Rio de Janeiro-owned bank's figures are not encouraging in the least, and the way things stand now, probably no one will buy it. Under the BC's intervention, the bank's situation has grown worse. The deficit has grown from 1.3 billion to 1.7 billion reals, and the bank is now losing 1.5 million reals per day. The bank has also dissolved its partnership with the company administering Credicard credit cards, thereby losing 1.5 million customers. Now the BC is hoping to solve the problem with the help of another private bank known for its aggressiveness: the Bozano, Simonsen. If, at the end of one year, Bozano, Simonsen's management fails, or even if it is successful but Banerj has not been privatized, the bank will revert to the Rio de Janeiro government. "The task is difficult, but the bank has potential," says Paulo Ferraz, president of Bozano.

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Unlike four other banks that were competing for the contract and requesting from 3 million to 10 million reals to do the job, Bozano will not be paid unless it is successful in rescuing Banerj. Under the terms of the agreement, Bozano will receive 20 percent of any profits earned by Banerj this year. Bozano's intention is to begin an offensive to persuade its account holders to deposit more money in the bank and to attract new customers. On average, Banerj's 1.8 million account holders keep only 200 reals on deposit in the bank. Bozano's idea is to double that amount. Paulo Ferraz and his executives are trying to attract the 1.2 billion reals which the Rio municipal government currently has scattered among several banks. It is trying to do the same with Petrobras, which has fortunes deposited elsewhere.

First Brazilian Banerj Branches Closed

96SM0054B Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Jan 96

[Article by Fernando Thompson; "Banerj Downsizing Begins"; received via Internet]

[FBIS Translated Text] *On the 22d, Bozano, Simonsen will halt activities at five of the 70 branches it intends to close.*

Next week the Bozano, Simonsen Bank will begin closing the first branches of Banerj [Rio de Janeiro State Bank], which has been under its management since the 2d of this month. The state-owned bank has a network of 215 units scattered around the country, and 70 of them will be closed as part of a three-phase process. In the first phase, which begins on Monday, activity at five branches will cease. Those branches include the ones in Caxias do Sul (Rio Grande do Sul), Juiz de Fora (Minas Gerais), and Teresina (Piaui). This information was announced yesterday by the Union of Municipality of Rio de Janeiro Bank Workers, which also announced that eight more branches would be closed this month.

On that day, Bozano's auditors will arrive at the branches to review each unit's figures. Steps will also be taken to transfer the customers' accounts to other banks. Attempts to contact Bozano's management for comment through its press office were unsuccessful. At Banerj, the press office would say only that since the 2d of this month, all information must be provided only by the new managers.

Brizola

The union said that Bozano had decided to implement in its entirety the downsizing program drawn up for the Brizola administration by the Controlbank consulting firm. Some consultants were saying that at least 100 branches should be closed.

The second phase of the program will begin in February. It calls for closing 44 branches in the north, northeast, and south regions and in Minas Gerais. There will be a special program for Sao Paulo, where there are 24 branches. The network in Rio de Janeiro State will be the last to be reduced, and the plan there is expected to affect cities in the interior, where there are 26 branches.

According to calculations by the bank workers union, the program for downsizing the network will put about 2,000 employees out of work. That amounts to about 40 percent of the goal that Bozano wants to achieve in reducing the state-owned bank's operating staff. Banerj has about 11,500 employees. Bozano's objective is to persuade 5,000 employees to eventually accept the voluntary resignation plan.

Privatizations Planned in Brazil Through 2d Quarter

96SM0054C Sao Paulo GAZETA MERCANTIL in Portuguese 3 Jan 96 p B3

[Article by Vera Saavedra Durao: "More Privatizations"]

[FBIS Translated Text] Rio de Janeiro—The year just beginning will be lavish in privatization deals. The BNDES [National Bank for Economic and Social Development] calculates that Petroquisa's [Petrobras Chemical Corporation's] shares in five petrochemical companies—the EDN [expansion not given], Polidervados, Polibrasil, Koppol, and Deten [expansion not given]—will be sold at the start of this year. In March there will be concessions to operate the Western Network of the Federal Railroad Network (RFF) and Light [Power Services, Inc.]. It is expected that the Banco Meridional will also be sold during this first quarter of the year.

Scheduled for the second half of the year is the privatization of the Rio Doce Valley Company and the RFF's other five networks (Center-East, Southeast, South, Tereza Cristina, and Northeast). Contracts will be awarded for working out the terms of sale and appraising the Chesf [Sao Francisco Hydroelectric Company], Furnas [Furnas Electric Power Plants, Inc.], Eletronorte [Northern Brazilian Electric Power Plants, Inc.], and Eletrosul [Southern Electric Power Plants, Inc.].

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Chile

Chilean Negotiations With EU To Begin in Mar

PY1901232596 Santiago EL MERCURIO in Spanish 18 Jan 96 p C5

[FBIS Translated Excerpt] Chile and the EU will hold their first round of negotiations to achieve a bilateral agreement in the second half of March.

This was reported by Jose Miguel Anacoreta, director of the EU Latin American department, after Mariano Fernandez, Chilean Foreign Ministry under secretary, awarded him the Bernardo O'Higgins medal, rank of grand officer.

Ancoreta confirmed that during the next meeting scheduled for 29 January in Milan, the General Affairs Council will approve the guidelines for negotiating with Chile.

This will allow the start of formal bilateral negotiations. It is expected that these negotiations will yield results in the first six months of 1996 so that under the chairmanship of Italy, Chile and the UE may sign a framework agreement.

In December 1990, Chile became the first Latin American country to sign a so-called third generation cooperation agreement with the EU. Although Chile aspired to achieve a more important agreement in this stage, discussions will now center on the achievement of a new framework agreement. Nevertheless, the basis will be established to achieve a political and economic agreement with the European bloc in the near future.

Anacoreta explained that following the approval of the guidelines, the EU must submit a draft agreement to Chile. He added that negotiations will be undertaken after Chilean experts study the draft agreements.

He said that the fact that Italy is chairing the EU is advantageous for the holding of bilateral negotiations because Italy is very sensitive to Latin American issues.

Asked about the final objective sought by the EU with the signing of agreements with Mercosur [Common Market of the South], Chile and Mexico, as well as its negotiations with the Andean Pact and also with Cuba, Anacoreta said that EU seeks to establish direct ties with different Latin American countries. [passage omitted]

Chile's Insulza Urges Fulfillment of Miami Summit Agenda

PY2301010196 Santiago EL MERCURIO in Spanish 20 Jan 96 p C5

[FBIS Translated Excerpt] Foreign Minister Jose Miguel Insulza voiced Chile's full commitment to fulfilling the agreements of the Summit of the Americas and urged all other countries of the region to continue working as best as possible in that direction.

Minister Insulza made this appeal in his speech at the closure of the Hemisphere Conference for the Eradication of Poverty and Discrimination [Conferencia Hemisferica sobre la Erradicacion de la Pobreza y la Discriminacion] that gathered representatives of 32 countries on 18-19 January at the ECLA [Economic Commission for Latin America] headquarters.

In his speech, Insulza said that factors such as partnerships, the creation of great spaces and opportunities, cooperation, economic integration, and dialogue are essential for Latin American development. In view of this, he confirmed that "the priority issue of the Chilean Government's foreign policy is its policy for Latin America and the hemisphere."

He also said that the countries represented at the conference have made a great effort to fulfill the agenda signed in Miami, which includes, among other things, economic negotiations designed to create a free trade zone in the Americas, extending from Canada to Chile, by the year 2005.

Despite this important effort, the foreign minister acknowledged that there are still many things to be done, among which he mentioned the development of negotiations regarding free trade in the hemisphere, increasing the flow of foreign investments in the region, the lack of basic definitions regarding a series of subjects, and the implementation of policies related to safety and the environmental field.

The four commissions that held working meetings during the conference agreed on the validity of the objectives agreed upon by the heads of state and government in the Pact for Development and Prosperity of the Americas [Pacto de Desarrollo y Prosperidad de las Americas] signed during the Miami Summit, regarding social development, the elimination of poverty, and the eradication of any form of discrimination.

They also agreed on the need to step up efforts made thus far in those areas and to reinforce programs that will allow rapid progress in fulfilling the agreements signed.

As for the modernization of social policies, the commissions agreed on the need to lift the existing obstacles in social actions regarding subjects such as universalization and focalization and the role of the public and private sectors in supplying services, as well as the decentralization and national administration of social policies and programs to overcome poverty.

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In addition, the commissions listed some conditions necessary for the modernization of the social field, including acknowledging the complex and heterogeneous nature of poverty and the problem of discrimination in the Americas; not hindering economic growth; recognizing the integrity of social actions, taking into account material shortcomings as well as maximizing human resources; using the criteria of efficiency, efficacy, and equity; and using information systems to create poverty profiles characterized by their timeliness, quality, and availability in terms of aiding the process of making decisions. [passage omitted]

Chile's Insulza on Peru Position on Lima Conventions

PY2301012696 Santiago EL MERCURIO in Spanish 20 Jan 96 p C2

[FBIS Translated Excerpt] The Chilean Government will not respond to the memorandum released by Peru concerning the pending points of the 1929 treaty until the Peruvian executive branch explains what it will do with regard to the Lima Conventions.

Chilean Foreign Minister Jose Miguel Insulza made this statement when asked about remarks made in Lima by Dante Cordova, president of the Peruvian Council of Ministers, to the effect that his country will see that the 1929 treaty is respected, but adding that the 1993 agreements are not valid and that such documents have not been ratified by the respective congresses.

In response to such proposals, the Chilean foreign minister said that although the Lima Conventions have not been ratified by the respective congresses, the signature of a foreign minister must have some validity. [passage omitted]

Chile's Insulza Views Argentine Official's Remarks

PY2301020696 Santiago EL MERCURIO in Spanish 20 Jan 96 p C2

[FBIS Translated Excerpt] Chilean Foreign Minister Jose Miguel Insulza yesterday minimized remarks made by his Argentine counterpart Guido Di Tella, who voiced arguments concerning the operations Chile is conducting in the zone of the Southern Continental Glaciers.

Insulza said that it is important to note the position adopted by Argentine President Carlos Menem who said to be in favor of a good understanding with Chile.

"He (Menem) has given a tremendous thrust to relations with Chile in a consistent manner," he said.

He argued that both in Chile and in Argentina there are many people who are very susceptible to border and sovereignty issues.

When queried on the disagreement prevailing between Menem and Di Tella, the Chilean foreign minister only said: "They are only different remarks; on this matter, I do not give any importance or seriousness to remarks made by the Argentine foreign minister. I want to tell you this very frankly," he said. [passage omitted]

Chile's Insulza Concerned Over Failure of Trade Talks

PY2201232196 Santiago EL MERCURIO in Spanish 22 Jan 96 p C2

[FBIS Translated Excerpt] Chilean Foreign Minister Jose Miguel Insulza has expressed the Chilean Government's concern over the fact that the hemispheric free trade negotiations have not yielded the results expected at the Summit of the Americas held in Miami in 1994.

Referring to the meeting to evaluate the summit that began today at the ECLA [Economic Commission for Latin America] office in Santiago, Insulza said: "We do not gain anything by hiding it." Members of the Revision Group will participate in this meeting. [passage omitted]

He added: "We still have a great many aspects to be promoted. We are concerned, and I say it frankly, over the development of negotiations concerning free trade in the hemisphere. These negotiations have not developed the way we thought in Miami, and we are not gaining anything by hiding it." [passage omitted]

Chilean Businessmen Hope To Increase Investments in Cuba

PY1901232496 Santiago ESTRATEGIA in Spanish 18 Jan 96 p 22

[FBIS Translated Text] The visit that a group of Chilean businessmen and Chilean Foreign Minister Jose Miguel Insulza paid to Cuba last week has drawn quite different impressions and reactions. According to what ESTRATEGIA has learned, although few of the businessmen could effectively achieve any business transactions with Cuba, the majority hopes that Chilean investments in this country will increase considerably in the short term.

Ernesto Salviat, International Printing Service chairman, has stated that the objective of his visit was to verify existing investment possibilities. During his visit he could corroborate that in Cuba there are still obstacles for conducting business transactions, at least for the printing business in view of the fact that the graphics

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industry has a bad infrastructure and that it is still government-subsidized to a great extent. Salviat stated that if a full economic opening is not implemented there are no possibilities for investing in Cuba.

Augusto Aninat, Zofri [Free Trade Zone] chairman, had more encouraging comments because free trade zones are being established in Cuba. He said that several contacts were made to render technical assistance for the establishment of free trade zones. He added that although no contracts were signed during this trip, by the end of the summer it will be known whether a contract will be achieved. In view of this, he plans to make a trip to Cuba in April to interview Cuban company representatives.

Moreover, Carlos Brown, B&C Financial Services general manager, returned from Cuba with the idea that it is currently unsuitable to invest in Cuba. He said that because of a lack of flexible labor regulations to develop domestic consumption, there can be no investments in view of the low purchasing power of the people. He added that at least some production areas must have access to private property.

Asexma [Association of Exporters of Nontraditional Manufactured Products] also met with Cuban officials. According to Haroldo Venegas, Asexma international affairs director, the Cuban Government has not yet adopted very clear regulations the economic opening process. He said this is essential before making any investment decision. He added that Cuban officials are very willing to approve large-scale investment projects but that there are doubts as to whether they will be as willing to approve small-scale investments which will not have such an impact on the economy.

Venegas believes that there might be an important level of cooperation regarding industrial security equipments. In addition, Asexma is studying the feasibility of exporting software [previous word in English] to Cuba.

It is known, nevertheless, that some business deals were transacted during the business mission to Cuba. One of them involved the CCA Forestry Investments Inc. Forestry is an area of great interest for Chilean businessmen because of the great amount of waste pulp extracted from the sugar cane in Cuba. Waste pulp can be used as a cellulose substitute. This is the objective of the contacts the forestry company is currently making. Moreover, high- ranking Proalpes Inc. executives remained in Cuba to close deals achieved during the visit.

Chilean Party: No Accord With Government on Reform

PY1201132296 Santiago EL MERCURIO in Spanish 8 Jan 96 p 96

[FBIS Translated Excerpt] Leaders of the National Renewal Party [RN] yesterday confirmed that the political agreement with the government is still fully valid, but only on human rights and not the constitutional reforms.

Other RN leaders insisted that the human rights project, to the extent that it is part of what is known as the Frei Proposal, is different from the proposal stemming from the RN General Council meeting in Temuco.

The opposition party fully denies the existence of a political agreement with the government that includes constitutional reforms.

Interior Minister Carlos Figueroa said on 6 January that the political agreement with the RN regarding human rights and the constitutional reforms continued.

RN Vice President Alberto Espina confirmed that the agreement is fully in force with regards to the human rights project.

He expressed surprise that those who should be most interested in the approval of this bill — relatives of the arrested missing persons and members of the Armed Forces — seem to be most reluctant "in spite the undeniable benefits of this bill. This obviously makes us wonder if this is the right time to promote a bill if this importance."

Espina asserted that his party will strictly fulfill the agreement reached with the government to approve the draft bill.

As for the constitutional reforms, the opposition leader said that the only agreement still valid for the RN is the one reached during the General Council Meeting in Temuco regarding the Constitutional Court, the National Security Council, designated senators, and the Chamber of Deputies supervising power.

Espina explained that if these reforms are to progress, the government must expressly assume the commitment to not submit new reforms to the Constitution.

As for the proposals made some days ago by Senator Sergio Romero and Deputy Alberto Cardemil — who demand that the government fulfill three requirements to promote the reforms (respect the role of the Armed Forces, not discredit the main institutions, and a commitment to not submit new reforms) — Alberto Espina asserted that there is full agreement within the party on these three issues.

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He insisted that the government cannot be expected to honor a commitment of this nature unless the RN guarantees that all of its legislators will favorable vote for the reforms.

RN Senator Miguel Otero said the interior minister mistakenly extended the political agreement on human rights to include the constitutional reform.

He added: "There are no problems with the political agreement on human rights. In fact, I have no problems with Figueroa, only some criticism of his comments which, at the time, seemed contradictory."

Otero said the problems stirred by the minister's statements stem from a mistaken interpretation of what he said.

He explained: "It is not that the Amnesty Law will not be applied. The mentioned project establishes that if the statute of limitations does not apply, our proposal may be used."

Otero also voiced full confidence that Figueroa will honor all the agreements reached with RN.

He said, however, that the opposition has not reached any agreement with the government regarding the constitutional reforms.

He commented: "I have reached no agreement, and the government is aware of this. If the party leadership has any agreement on the matter I have not been informed about it.

Meanwhile, RN Vice President Alberto Cardemil, who heads the "hard liners" or "anti-reformists" of his party, insisted that Minister Carlos Figueroa's comments have contributed to the funeral of the Frei Proposal.

He insists that there is no agreement nor could there be any preestablished or prefabricated agreements between the government and some RN leaders regarding constitutional reforms "because nobody owns the party."

He added that RN has always preserved its decision-making power regarding the value of the reforms, their timeliness and overall political context regarding which a decision is being made. The constitutional reform will be decided by the legislators who, ultimately, must vote. According to what the leaders say, the minister is not telling the truth on this subject."

A letter drafted by national conventioneers urging RN legislators to voluntarily uphold the decision reached during the General Council meeting in Temuco to support the constitutional reforms has greatly upset RN "hard liners" or "anti-reformists."

The letter states that this would be the only way to safeguard the party's unity and institutional order. It also considers unacceptable the fact that there are RN sectors, especially among the senators, that try to ignore agreements reached by the General Council; the party's highest level.

The letter, addressed to the national leadership, circulated at a time when a commission for the partisan unity began functioning. The commission's task is to seek internal agreements to avoid a schism or institutional rupture.

One condition proposed by members of this commission, which comprises representatives of the liberal and hard-line sectors, is that every possible effort be made to create an atmosphere of understanding within the party. They made this appeal to avoid statements or attitudes that would impede this atmosphere.

Deputy Alberto Cardemil, member of the anti-reformist sector and of the commission for partisan unity, voiced his disagreement and objection to the letter.

He said that in view of the current situation, it was not prudent to circulate a note of this nature. [passage omitted]

Chilean Party Urged To Honor Reforms, Human Rights

PY1201141096 Santiago Universidad Catolica Television Internacional in Spanish 0000 GMT 12 Jan 96

[FBIS Translated Text] The government has urged the National Renewal Party [RN] to make up its mind whether or not it will approve the constitutional reforms and the human rights bill.

Yesterday in Congress, center-rightist senators and relatives of arrested missing people voiced opposition to the human rights draft bill. The auditors of the Armed Forces have already done the same.

As things stand, the initiative lacks political support for its approval. Therefore, the government reacted today.

[Begin recording, Jose Joaquin Brunner, minister secretary general of the presidency] The opinion of the auditors of the various branches of the Armed Forces is trustworthy but we believe it is mistaken. We find the sudden ambiguity displayed by the RN to be less understandable. [end recording]

The government spokesman said it is inconceivable that the RN leadership is incapable of getting its senators to honor their commitments. Brunner urged the RN to make up its mind if it will approve the human rights draft bill as well as the constitutional reform bill.

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[Begin Brunner recording] ...the disorder within the RN undoubtedly worries the government. [end recording]

Chilean Party To Review Support of Human Rights Plan

PY1601142296 Santiago EL MERCURIO in Spanish 12 Jan 96 pp A1, A16

[FBIS Translated Excerpt] Valparaiso — National Renewal [RN] President Andres Allamand yesterday said that his party's political commission will now have to review its support for the human rights and missing-detainees proposal.

He said this is a result of the new scenario the Otero-Figueroa proposal is facing today, following the essential objections involving constitutional arguments submitted by those affected by this measure to the Senate Human Rights Commission. [passage omitted]

Due to this adverse situation, the RN "hard-wing" senators have reacted by announcing that they will now vote against the proposal.

They also said that it would be better to clear away the doubts regarding constitutionality, and that they were willing to gather the necessary signatures to resort to the Constitutional Court.

One of the designated senators said yesterday that they could also join the hardliners.

Although [Interior] Minister Figueroa and Allamand himself said on 10 January that the proposal must be retained, Allamand acknowledged that due to the new adverse scenario, the RN political commission must reconsider its support for this controversial proposal. [passage omitted]

Senator Ricardo Martin, president of the human rights commission, warned yesterday that nothing prevents that commission from fully modifying the Otero-Figueroa proposal, and, based on that proposal or the commission's own ideas, presenting a new initiative.

Martin very clearly said that a proposal dealing with the problem of the pending trials for human rights violations and missing-detainees will be very useful and absolutely positive. "And I am not referring to the Figueroa-Otero proposal, but to any proposal that could have the same objective," he said.

Chilean Armed Forces, Carabineros Against Rights Bill

PY1101215396 Santiago EL MERCURIO in Spanish 10 Jan 96 pp A1, A12

[FBIS Translated Excerpt] Valparaiso — Auditors of the Armed Forces and Carabineros yesterday raised a series of objections and arguments against the draft bill on human rights and missing detainees. They concluded that this bill is unnecessary and that they do not recommend Congress to debate the issue.

Interior Minister Carlos Figueroa reported this at the end of the first meeting of the Senate Human Rights Commission which studied the draft bill.

The Armed Forces auditors agreed that this draft bill signifies, to say the least, a limited interpretation of the amnesty law and that it will harm the rights of those who will resort to it.

They warned that any legal initiative that may alter or curtail in time the effects of the 1978 amnesty law is unsuitable because it will not help to achieve the spirit of reconciliation, social peace, and legal order that are sought by an amnesty law and which are the bases of any amnesty law.

They also expressed doubts about its constitutionality. In view of this, they asked officials to consult the Constitutional Court about the regulation that restricts judges from exercising some duties (issue indictments) to prevent the law from becoming inapplicable through eventual appeals submitted to the courts.

In response to objections raised by the four auditors, Interior Minister Carlos Figueroa said the administration believes it is inappropriate to fail to establish the truth about the fate of missing detainees. Figueroa said: "After this debate, I feel more assured about the proposal we have submitted because the objective of this bill is to establish the truth."

Figueroa stressed that although the auditors believe this is a bad bill, the administration believes otherwise "and this is why I am calm." [passage omitted]

The Armed Forces auditors have issued their opinion only now because they were not invited by the Senate Constitution Commission.

They explained that this is a personal opinion because it is for the Armed Forces commanders and the Carabineros general director to issue their opinion on behalf of their institutions.

They agreed that the bill is unconstitutional because it restricts the powers of criminal court judges. The Carabineros auditor believes it would be fitting to consult the Constitutional Court on this issue.

The Navy auditor said a bill like this may raise expectations of people who are suffering and this law may cause even more suffering.

He stressed that his fears are shared by members of the Supreme Court who, in their report to the Senate

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Constitution Commission, state that this bill will not contribute to national reconciliation.

Moreover, he warned that any alteration to the 1978 Amnesty Law will not only overlook its social and pacifying role but also alter the legal certainty implied therein.

The Carabineros auditor said he supports the views that compelled President Frei to submit this bill (to establish the fate of missing detainees). He added, however, that this objective would not be fulfilled because the law may be declared unconstitutional because it restricts the powers of judges.

The Air Force auditor alleged that the main problem of the bill is that it impedes the fair enforcement of the currently enforced amnesty law which by nature constitutes an objective regulation of general enforcement that is always issued for the sake of social and national interests.

He stated that despite the noble purposes that inspired this bill, it is filled with legal faults which would undermine the enforcement of the current amnesty law, thus altering its effectiveness and the legal certainty that is implied in such a law. [passage omitted]

Chilean Administration Not To Withdraw Rights Bill

PY1501114996 Santiago EL MERCURIO in Spanish 11 Jan 96 p A1,A8

[FBIS Translated Excerpt] Valparaiso — The Association of Relatives of Missing Detainees [Asociacion de Detenidos Desaparecidos] (AFFD) and the Christian Churches Social Assistance Foundation [Fundacion de Ayuda Social de Iglesias Cristianas] (FASIC) yesterday categorically rejected the draft bill on human rights and missing detainees currently being debated in the Senate.

The two organizations believe the bill constitutes "the absolute negation of justice and an obstruction of the law" because it hinders the process of establishing the fate of missing detainees.

They add that this bill merely seeks to protect the military. They say it signifies a step back in prevailing practice, and as such they would prefer not to have any law issued on the subject.

Center right senators have increasingly expressed opposition to the draft bill. In view of this, RN [National Renewal] and UDI [Independent Democratic Union] senators have stated that if the bill has no political support and no new political-congressional agreement is achieved, the bill is destined to fail.

Faced with this uncertainty, Interior Minister Carlos Figueroa has said that "under no circumstance" will the administration withdraw the human rights bill. He warned that the bill will be voted in the Senate. He said: "That will be the moment of truth in which senators will have to assume their responsibility before their country to establish the truth regarding missing detainees."

Figueroa said he believes it is absolutely "normal" for two group affected by this bill — the Armed Forces and the relatives of missing detainees — to disagree on the issue. [passage omitted]

Colombia

Colombia's Botero: Samper 'Aware' of Cali Funds

PA2301204496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0230 GMT 23 Jan 96

[Interview with former Defense Minister Fernando Botero Zea by newscast director Yamid Amat in Santa Fe de Bogota; from the "CM& Newscast" — live or recorded]

[FBIS Translated Text] [Amat] Minister, why did you decide to expand your statements to the Prosecutor General's Office?

[Botero] Look, Yamid, when I resigned from the Defense Ministry six months ago, I thought that it was the best way to contribute to resolving the crisis that was spreading throughout the country. It was during the terrible week when Santiago Medina's first depositions were leaked and when the conversation between President Samper and Mrs. Elizabeth de Sarria was made public. At that time, I tendered my resignation to the president to ensure he would have a way to resolve the problems his government was facing. I thought that, with my resignation and with the fact that I would carry all this large campaign responsibility on my shoulders, the country was going to be able to move forward and overcome the crisis.

I now realize that the crisis is worsening by the day and that the crisis is adversely affecting the economy, the country's credibility, and its relations with the United States. It is truly harming the country. Then, if at first my silence constituted, in my opinion, a contribution to the country, today my truth, the truth will truly let the country move forward.

[Amat] When and why, Dr. Botero, did you decide to change your mind?

[Botero] I took this step on the morning of 22 January, because I believe that the country is in the midst of a quite-serious crisis and that the country has to put Case

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8000 behind it. The only manner in which this chapter could be closed is by telling the truth, and on 22 January I was telling the truth that will allow the country to move ahead and focus on numerous issues and problems that are being neglected because of this scandal that has reduced — it saddens me to say this — the effectiveness of the government of President Samper.

[Amat] I believe the entire country is asking itself what the truth is.

[Botero] Was Samper or was he not aware of the infiltration of large amounts of Cali Cartel money in his campaign? It saddens me — because I love President Samper and his family; I truly love him — to say that he was aware of it. It is the truth; he did know. It seems to me this is the key issue here. It is more than this; he is seriously involved in this issue. I believe that it is time for the country to know this, for the country to know how to handle this truth to seek a solution to the crisis we are experiencing.

[Amat] But, were you aware of this too?

[Botero] Look, Yamid, I want to clearly explain my position in this matter. It was not my idea; I did not mastermind or perpetrate this. I did not get this money; I did not distribute it. I had nothing to do with this. However, I started to realize that many strange things were going on in the campaign in its last few days. As soon as I listened to the narco-cassettes — two or three days before the elections — everything I suspected became clear to me. So, by the end of the campaign, I was aware of this.

[Amat] Dr. Botero, what led you to say President Samper did know?

[Botero] I cannot violate the secrecy of the proceedings; I have a legal obligation not to give details about what I told the Prosecutor General's Office on the afternoon of 22 January. However, rest assured that what I am saying is the truth: the president did know. It definitely saddens me to say this, Yamid. I am not pleased to say this; I do not feel happy to say this.

On the contrary, I feel deeply sad, because I love President Samper and his family. However, there is something else above this love: the love I feel for Colombia and the manner in which I see the country's situation. If we continue to lie for three more years in the midst of this crisis... [pauses] Because the only manner in which the country will allow itself to close this chapter and move forward is if the country knows what really happened.

[Amat] You, Dr. Botero, said that President Samper did not only know of this; you said he was also very involved in it.

[Botero] Yes, I also said that I cannot give more details. When... [pauses] I would like to do this on another occasion, but the secrecy of the proceedings, of which you are well aware, restrains me. I am not going to violate it, as it is part of the rules of the game of Colombian justice. I merely want to point out that the president did know and that he was involved in this. This is very significant; it is important to make this public. However, as I tell this to the country through the "CM& Newscast" and you, I want to explain that I am not pleased; it saddens me that a political project in which I believed and in which many Colombians believed suddenly ends in such a sad manner. I am honestly saying this with a sentiment of nostalgia and sadness.

[Amat] Dr. Botero, certain people believe that you are making these statements to save yourself.

[Botero] Well, I believe that there are many ways to interpret what I am saying. What I say, and I believe it is quite clear, is that by making this decision I am placing my life at considerable risk. This morning I had to send my two younger children abroad, and I do not know when I will be able to see them again. You, as a parent, must understand me. When one loses contact with one's children and cannot see them, it is very sad; I am very sad because of this. Who knows how many months or years will pass before I can be with them again?

My entire family has been threatened; so have my close friends and my lawyers. Therefore, this is not a decision to save my own skin; I believe it is a decision of commitment to the country, a commitment to face a reality and allow a way out.

[Amat] Did you tell the prosecutor general today what you are telling me now, or part of what you are telling me now?

[Botero] This morning I began a proceeding [diligencia] — I requested it, so we can start today — as I felt I should do. I also feel very deeply, and allow me to take this opportunity to ask all Colombians to forgive me. I seek forgiveness from all Colombians, especially members of my family, for my negligence at the end of the campaign, for my omissions, for not having properly fulfilled my duties as national campaign manager. I beg forgiveness for that. It is a mistake I must bear for the rest of my life. But this is what happens when one makes a mistake, and this is rarely seen in politics: I believe one must do what is correct — what is correct is to

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admit the mistake, correct the mistake, learn the lesson, assume the costs and consequences, and move ahead. This is what I want to do, and I am acting with the best of good faith.

[Amat] Dr. Botero, was there any agreement with the Prosecutor General's Office?

[Botero] Not at all. I did not consider it appropriate, and it is not my way of behaving, to seek a negotiation or a pact with the Prosecutor General's Office. I have absolutely no agreement with them. My legal future is completely uncertain; I do not know what will happen after today. But that to me is not very important, despite the fact that I am in jail and despite having undergone a period of much suffering, especially for my children and my family. What is important is that I am at peace with myself. Never before have I felt as strong as I have today, as calm, and as satisfied.

[Amat] During the campaign, did you receive any special order from President Samper to carry out this operation, Dr. Botero?

[Botero] No, I did not receive any order; I did not take part in that operation. Again, I cannot go into any details, but I repeat what I said before, and I say it again with sadness: It is absolutely clear that the president knew and that he is seriously involved in these events.

[Amat] Why do you repeatedly say, Dr. Botero, it hurts me a lot to do this to the president?

[Botero] Because he is a person I held in esteem and hold in esteem, because I have been a friend of his family, because there have been many links of friendship, because he is a person with lots of good and positive qualities. I believe that perhaps he felt desperation or a somewhat out-of-bounds ambition; maybe it was a moment of weakness. Whatever the reason, the fundamental fact is that, because of this, the country is in a very difficult situation, and each day it becomes more serious. If someone doe' ot take a first step to speak the truth, we will conti e with this for a very long time and that is what is most harmful to Colombia.

[Amat] Pardon for being a bit abrupt with you, Dr. Botero. At any time during the campaign, during the campaign's development and not at the end, as you say, did you not know that you were receiving drug trafficking money?

[Botero] No. I was fully informed of many aspects to do with the campaign. For example, I was perfectly aware that we were exceeding the legal limits. We had decided to present financial statements below the 4 billion pesos mark, when it became obvious that the campaign had spent much more, just as any campaign with a possibility of winning. Those limits were not realistic. Anyway, I want to admit today, before you and before the country, such as I did before the Prosecutor General's Office, that I was aware of the limit problem, that I was aware of many aspects of the campaign. Likewise, I did not have an idea and was not the mastermind or perpetrator of the entry of drug trafficking money into the campaign. I did not distribute it, I did not touch it, I had nothing to do with it.

Just as Maria Isabel Rueda said before, the only contact I had with drug trafficking was during my work in the Defense Ministry when I managed, with the support of thousands of soldiers and thousands of policemen and people as worthy as General Rosso Jose Serrano, to capture and submit to justice the main capos of drug trafficking organizations in Colombia.

[Amat] Dr. Botero, there is something: if you did not know that there was drug trafficking money in the campaign, how do you know that Samper knew?

[Botero] What I am saying is that I began to notice things that happened at the end of the campaign. I saw people who never before had been in the campaign and appeared all of a sudden. There were many meetings and many conversations that appeared suspicious to me. I should have investigated what was happening to clear up and stop any wrongdoing. I did not do it.

This was a grave omission, and this is why I am in jail. I committed a very serious error I will regret for the rest of my life. This is why I can affirm what I told the special commission of prosecutors today, that the president knew of the entrance of this money into his campaign. I say this with sadness.

[Amat] Should the president resign?

[Botero] I think that only the president can answer that question. I would not make the slightest suggestion to him. I and the country have endured very difficult times with this process and finally today I feel strong, calm, happy, satisfied, and at peace with myself for one single reason: I did what was right, I am telling the truth, and I am at peace with myself.

[Amat] Forgive me, Dr. Botero, for insisting on this, but will the Prosecutor General's Office adopt a different attitude toward you, treating you in a way that corresponds to your cooperation with justice?

[Botero] I do not expect anything. I think what Prosecutor General Valdivieso is doing, even if I have had to suffer from decisions adopted by the Prosecutor General's Office, is important for the country.

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What he is doing, what his investigations team is doing, is really striking at corruption, which is the problem that maintains the country in a very sad situation. A long time ago we forgot traditional values, and easy money has been disturbing Colombia. This is sad for my children and for all the children of all Colombians.

Prosecutor General Valdivieso has merits: He is changing the country, he is pointing to a new path. I very humbly today made a small contribution toward that purpose, even if I have suffered personally from some of his decisions.

[Amat] Dr. Botero, what will happen in Colombia after this statement of yours?

[Botero] Well, many people will be scared or feel great anxiety. Others will probably feel that everything, included political stability, has collapsed. This is probably what will happen to begin with. I think people should understand that an infection cannot be covered up and that the only way to deal with it is to heal it. An infection is healed by opening up the wound and disinfecting it so it can heal. This is what every Colombian should do. Today I contributed a small grain of sand in this direction.

[Amat] I suppose that, when you expanded your testimony in the prosecutors' presence, they asked: Do you have proof?

[Botero] Yes, of course. I do not want to go into details for legal reasons, but I do have all the justifications and arguments to support very clearly what I am saying today.

[Amat] And they are clear.

[Botero] Of course.

[Amat] I guess I cannot ask about the nature of the evidence.

[Botero] No. You can ask, but I cannot reply. This is different.

[Amat] You said you think a new country will be inaugurated now.

[Botero] The country is changing. The prosecutor general's work is what the country has desired for a long time. This is to say, to correct the problem of corruption. I think this is important work and should be supported. Prosecutor Valdivieso is pointing to a path into the future, a path we should follow. I am sure of this, although I am in prison and have experienced in the flesh some of the consequences of his decisions. I can say sincerely that this is not what counts. The important thing is that what he is doing is a national purpose worth supporting.

[Amat] Do you have a clear idea of the result of your testimony?

[Botero] I think it is not up to me to be the orchestra director, so to speak, of whatever happens from now on. I just told the truth. The country, which desired the truth, now has it. It is now up to economic, social, and civic forces to decide what to do with this truth. I do not want or desire to become the leader of a great movement. I just contributed a small grain of sand today, which is truth. The country must be able to handle this truth constructively.

[Amat] Did you plan to tell the truth the day you were detained?

[Botero] No. I did not. When I was detained, I had a different idea. I thought the collapse or destabilization of a government was too serious and too catastrophic for the country. I thought I had to sacrifice myself, take the burden on my own shoulders, and remain silent because that seemed to be the solution. I thought in that way I would absorb many of the blows being dealt the government and the country could forge ahead. I have been in prison for 10 months and, instead of diminishing, the crisis becomes more and more intense every day.

Finally, I understood that the only remedy for this cancer is the truth, and the truth is what I have told.

[Amat] Were all of the people in the campaign aware of the truth?

[Botero] Many people in the campaign were aware of some aspects of a testimony I could not present today. I think my questioning today has been long. My testimony today, when I started, lasted three or four hours. Several more sessions are scheduled. Because I am already in this matter, I will have to take the ultimate consequences. Everything that happened should be made known so the country will be able to close this chapter of its history.

[Amat] Do you mean that President Samper, who was the candidate at the time, was not the only one aware but also other individuals of the campaign?

[Botero] Yes. Of course, many other individuals of the campaign could be aware of this. This aspect is one I will certainly have an opportunity to explain on another occasion.

[Amat] Can I ask you who are they?

[Botero] You may ask, but I cannot answer at this time, because this information relates to aspects of the case that must be kept secret.

[Amat] But you will report this finding?

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[Botero] I am willing to.... [pauses] I already made up my mind to tell the entire truth at any cost, even personal ones. This is what I will do; this is my decision.

[Amat] Some claim that should President Samper step down, Vice President de la Calle would be unfit to be president. What is your opinion? Did de la Calle participate or know about this matter?

[Botero] I have said that my statements could create many fears among Colombians due to the feeling of instability and that the institutions are collapsing. I believe it is important for me to address this issue. I want it to be clear. Vice President Humberto de la Calle had no role in the financing of the campaign. He was completely unaware of any irregular deals; at least, that is the impression I have. I never noticed any irregular behavior on his part, and this is why I believe there is no ethical or moral obstacle preventing the vice president from occupying that post. I repeat. It is not up to me to point this out or to meddle in such issues. For Colombians' peace of mind, I am saying that the possibility of him occupying the Presidency is completely viable from an ethical and moral viewpoint.

[Amat] In other words, everything that Santiago Medina has said at the Prosecutor General's Office is true?

[Botero] No, not everything was true, but I would like to say the following about Santiago Medina. I have said that I do not resent anyone, and this is a genuine feeling. I patched things up with Santiago Medina a long time ago. In the beginning, I reproached his attitude of cooperating with justice and of revealing certain things about the campaign. I realize now, however, that he was the first one who gathered the courage to report campaign irregularities, and I believe that this has started a process that is in the hands of Prosecutor General Valdivieso, that it is bringing about a change in the country's political customs and ensuring that a genuine moralization process will take place.

[Amat] Do you have anything to say to President Samper?

[Botero] I want to say that I feel sad. I truly like him. I sincerely like him. I worked with absolute resolve to get him elected president of the Republic. When he gave me the opportunity to be defense minister, I risked everything when the government was facing its most difficult moment. I ran all kinds of risks and managed to capture the Cali Cartel leaders with the cooperation of important individuals such as General Serrano and thousands of policemen and soldiers who heroically took on this cause. When tension ran high and the government was facing its worst moment, I resigned and served as a safety valve. I was very useful to the government at that time.

I felt very close to that political project. I know his family, his mother, wife, and children, well. I am immensely saddened by this affair, but the truth is that above that, above what might happen to my own family, in fact, I feel the duty of offering a solution for the sake of the country's future, and that solution is to tell the truth.

[Amat] Would you like to say anything to Colombians?

[Botero] Yes. I will seize this opportunity to again beg each Colombian to forgive me for any failure to act or for any action that could have hurt the country. I am saddened, because my entire family has served the country; that has been a family tradition. I have tried to do this during my entire life. I made a mistake, a mistake that truly hurts me. The way to rectify this matter is to tell the truth and to work for the future from somewhere—I do not know from where—to contribute to the development of this country.

Colombia's Botero Links Samper, Drug Money 'Cover-Up'

PA2301162396 Mexico City XEW Television Network in Spanish 1200 GMT 23 Jan 96

[From the "Echo" newscast]

[FBIS Translated Text] Former Colombian Defense Minister Fernando Botero has said he has evidence to back his charge that President Ernesto Samper knew that his election campaign team received money from drug traffickers.

Botero said he is prepared to tell the whole truth about the campaign at any cost, regardless of personal risk.

The former official said that the arrival of money from drug traffickers was not his idea, and he was not the mastermind and did not directly participate in that.

[Begin recording] [Botero] I thought my silence would be good for the country. I now understand that the only way Colombia can close this chapter and march toward the future is for me to tell the truth about what happened in the campaign.

[Unidentified reporter] According to you, President Samper knew there was drug trafficking money in his campaign.

[Botero] In the statement I made today I admitted this with sadness, because this is something that does not make me happy — I think Colombians will receive this information with sadness. I had to clearly respond to this question: Did or did not the president know about this?

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I had to sadly respond that the president did know about the arrival of significant amounts of drug trafficking money in his campaign.

[Reporter] President Samper personally received drug trafficking money and then distributed it?

[Botero] I cannot give details, because in Colombia there is a legal stipulation called summary proceeding reservations, and I cannot give details on matters being handled by the Prosecutor General's Office, but I want to say with sadness that he did know and that he is very seriously involved in the irregular actions of the campaign.

[Reporter] If what you say is true then President Samper has been lying all this time.

[Botero] Yes. There has been a cover-up. This is called cover-up in the United States. The truth is that time is passing by and the disease keeps gaining strength and the only cure, Jorge, unfortunately, is the truth.

[Reporter] How do you know that President Samper was personally involved. Do you have evidence? Did you participate in meetings?

[Botero] Yes. These are issues I am about to report to the Prosecutor General's Office. Today I faced my first inquiry. This will take many days or several weeks. I cannot give details. All I can say is that it is with much regret and sadness that I have to say that he knew, that he was informed, and that unfortunately that campaign was contaminated by that money.

[Reporter] Was there a cover-up?

[Botero] Yes. There was a cover-up.

[Reporter] Within the Samper administration?

[Botero] Yes.

[Reporter] His ministers knew?

[Botero] Some of them.

[Reporter] Serpa?

[Botero] I am not going to give specific names.

[Reporter] Pardo?

[Botero] All I am going to say is that some officials have this type of responsibility. The only remedy for the country's situation is the truth.

[Reporter] Some months ago you said that if there was drug trafficking money, this was against the expressed will of the president. You said this. You said he is an honest man and now you are attacking him.

[Botero] I am not attacking him.

[Reporter] Don't you think you are doing that when you say he was involved in the drug trafficking money deal?

[Botero] This pains me. I truly love President Samper, he and his family. I sincerely do. [end recording]

Colombia's Samper Not To Resign, Considers Referendum

PA2301152696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1315 GMT 23 Jan 96

[Telephone interview with Ernesto Samper by Dario Arizmendi and Diana Montoya, from the international Caracol-Miami Information Center; from "Caracol's 0600 to 0900" newscast; place not given — live]

[FBIS Translated Text] [Arizmendi] Good morning, Mr. President.

[Samper] Good morning, Dario.

[Arizmendi] How was the part of the evening during which you managed to sleep?

[Samper] I was thinking.

[Arizmendi] Was it truly one of the most bitter days of your entire presidency?

[Samper] Yes, it was a difficult day, especially because of the personal circumstances surrounding the events.

[Arizmendi] Were you expecting something like this? Especially involving someone like Fernando Botero who had been your friend?

[Samper] The truth is no. One is prepared for surprises that come from enemies, but not those coming from friends.

[Arizmendi] Was this your greatest disappointment, the most bitter moment of your mandate, President?

[Samper] No, I have faced similarly bad situations.

[Arizmendi] What did you feel after hearing the first charges that you knew that there was drug trafficking money in the campaign?

[Samper] A great sadness, because if anyone had direct knowledge of this entire process, of the role we played, and who had told the truth publicly and in judicial circles about this, that was Dr. Botero. Thus, the fact that he appeared to refute himself and reconsider what he had already said is in my opinion a serious development.

[Arizmendi] Did the possibility of resigning cross your mind during the 30-minute interview with the "CM&" newscast?

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[Samper] No, Dario. I think that one must not run away from difficulties. Quite the contrary, the idea that I must continue to move the country forward was reinforced.

[Arizmendi] Do you admit that your credibility has been seriously affected?

[Samper] No, I think that Colombians know me. During the last half of the year, I gave ample explanations about my conduct during the campaign, and I think that this finally meant something to Colombians.

[Arizmendi] Do you, Mr. President, think that there is a conspiracy of factors and figures such as former Minister Botero and the so-called Gavirism?

[Samper] I would not dare say so. We do, however, have very strong enemies within the government, as well as enemies who are not interested in seeing the country advance as a result of the social projects that we have implemented. They do not want the programs that we are committed to carrying out. They are nostalgic for the past.

[Arizmendi] Can you, Mr. President, continue to rule with a country that is so divided and radicalized by political forces that oppose you and with a position such as the one maintained by the U.S. Government?

[Samper] I think that the issue is not whether we can but that we must move forward, because we Colombians must show, despite all difficulties facing us, that we can reach a consensus, that we help each other in difficult times, that we can avoid falling into an abyss when we are just a step away. I think that this ability of Colombians to stop seconds before falling into the abyss is what has allowed us to survive as a nation despite all difficulties.

[Arizmendi] What would make you resign, Mr. President?

[Samper] My conscience.

[Arizmendi] But if your conscience is completely tranquil, this is an option that does not cross your mind.

[Samper] Exactly, that is the perfect syllogism.

[Arizmendi] Mr. President, the Council of Ministers will continue to discuss measures to guarantee governability. What other measures could be adopted in view of the crisis unleashed by Botero's statements?

[Samper] We will study the mechanisms pertaining to the protection of certain sensitive sectors, the protection of certain figures. We will also study ways to open new possibilities of reaching agreements with other political forces. I would sum this up by saying that we will study coexistence formulas.

[Arizmendi] Did Mr. Augusto Galan Sarmiento voice to you his intention of leaving the cabinet during a private interview before the start of the Council of Ministers meeting last night?

[Samper] No, he voiced several personal concerns that we discussed and agreed on several of them. This was simply a personal interview.

[Arizmendi] Could he decide to resign this morning? What would you do?

[Samper] Yesterday I gave all ministers the option of leaving the Cabinet, because I obviously think that this problem touches me personally, and I have the ability to differentiate between problems of the state and problems of the president. Thus, I gave all ministers this option, and of course, I would respect a decision in this direction.

[Arizmendi] I understand that all ministers voiced their support, that the only one who remained silent was Dr. Augusto Galan?

[Samper] No, several remained silent, but all of them, in general, as a group, voiced solidarity.

[Arizmendi] Why did Justice Minister Carlos Medellin meet with Fernando Botero at the Cavalry School?

[Samper] I understand that Botero wanted to voice certain concerns about his case and that he had requested a visit from him.

[Arizmendi] Mr. President, what options are left for the country after last night's charges? Have you considered a referendum, a popular consultation to reaffirm your legitimacy?

[Samper] We have not not yet made any decision in that regard, but what I can guarantee the country is that we will continue to maintain the reins of the state in our hands, we will continue to govern, and that the country will not be adrift.

[Arizmendi] Have you talked to Humberto de la Calle in the past hours?

[Samper] No, we have not had a chance to do so.

[Arizmendi] Do you plan to do so, Mr. President?

[Samper] Certainly, the various consultations that I plan to make this morning include the vice president.

[Arizmendi] Why, Mr. President?

[Samper] To discuss this and other matters.

[Arizmendi] In other words, you are considering other solutions to the crisis?

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[Samper] Solutions to broaden the political support base of the government, to establish channels of communication to certain segments of the population that might feel isolated. Institutional solutions, I would say.

[Arizmendi] An institutional way out you would say. A referendum, for example, could be one way?

[Samper] A referendum could be one way. The possibility of establishing conciliation mechanisms could be another. The truth is that there are many possibilities. We are going to analyze them during the cabinet meeting.

[Arizmendi] A temporary withdrawal from the post could be another way?

[Samper] No. I do not think this would be suitable for the country. One does not go on vacation when there is a crisis. In this office we go on vacation when there are no problems.

[Arizmendi] Will you again call on Attorney Antonio Jose Cancino so that he may assist you in this new phase?

[Samper] We are going to analyze the process, and we will probably adopt a decision on that in the next few hours.

[Arizmendi] Some circles have told us that for a year Dr. Fernando Botero had been pressing the government on some aspects, almost as if trying to blackmail, like Santiago Medina, who wanted a foreign service post, did some time ago.

[Samper] I do not know if he looked at it the way you mention, but we understood it as requests from a person in a difficult position, and we complied with some requests.

[Arizmendi] Did he make many requests? Of what nature were these requests?

[Samper] It is not worth going into the details, Dario, and time is running.

[Arizmendi] Are you in favor of calling Congress to special sessions?

[Samper] I have not considered that possibility for the time being.

[Arizmendi] What will you do if the Prosecutor General's Office decides there are merits for the Investigations Committee to initiate an investigation?

[Samper] That does not depend on the Prosecutor General's Office. That depends on the committee. As I said after last year's ruling, if procedures are initiated, anyone would have to be prepared to accept it because this is how justice functions. This is not a matter of canceling an issue forever. If the Accusations Committee finds it useful for me to respond I will do so.

[Arizmendi] Mr. President, there is concern that if the political crisis continues, the country's economic situation, for example, and, eventually, international relations, would deteriorate. What do you think?

[Samper] This is a sophism. I think the political crisis has had no negative influence on the economic situation. On the contrary, you know how the various sectors have spoken this week about the favorable economic situation and noted with optimism the economic outlook for this year.

[Arizmendi] Mr. President, are we on the verge of another cabinet crisis?

[Samper] No, Dario. I think the team with which I have initiated this year is excellent and I will keep it.

[Arizmendi] Diana Montoya, from the international Caracol-Miami Information Center, has a question.

[Montoya] Good morning, Mr. President. You have spoken about national means for overcoming this crisis, but the situation also generates a crisis at the international level, especially in relations with the United States. What can be said to Janet Reno, to the DEA, to the United States, when there is this confusion, all these contradictions, different information?

[Samper] I think they consequently understand this is a Colombian domestic affair on which we are working through the channels offered by Colombian institutions and laws to resolve situations, and that this situation is a result, a backlash, as I said yesterday, of the struggle we are waging against drug trafficking. From the U.S. authorities, I expect understanding, not only for this episode, but for all the episodes related to this infiltration of drug trafficking into all activities of Colombia's life.

[Arizmendi] Mr. President, do you feel sure and capable of clinging to the government in spite of expressions from the U.S. Government since the days of Gaviria, Pastrana, and Juan Manuel Santos?

[Arizmendi] As long as they are plain-dealing attacks. We are prepared and strong. The government can respond to all the questions and criticism as long as they are presented in a collected fashion and through the channels offered by democracy.

[Arizmendi] Your critics say that the grave part is that all the government work is aimed at staying in power.

[Samper] We have made it evident that this is not true. There is a development plan that is functioning quickly; we are capably responding to international challenges;

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the ministers are working on their programs. The government is governing. There are sectors interested in giving an opposite image.

The process is lifting a smokescreen that hides all the government is doing, not the other way around.

[Arizmendi] With regard to the political situation, EL ESPECTADOR reports on its first page: Somebody is lying. What should the people think?

[Samper] The truth has to come out, and this is what we have been working on for several months, and that is where we have to go.

[Arizmendi] You can again guarantee to the country that you never knew of the arrival of Cali Cartel money into your presidential campaign? [silence]

We are speaking with the president of the Republic. We have an interruption right now. We have spoken with him for 15 minutes. He has ratified that he will not resign, that he is prepared to face all events. Mr. President, are you still on the line? I am sorry the line was cut. I think your answer to this question is most important. Do you again guarantee to the country that you never knew about your campaign team receiving drug trafficking money and that neither Fernando Botero nor Santiago Medina nor any other leader ever told you about this, that you never issued any order for meetings with the Cali Cartel or anything like this?

[Samper] Absolutely. I have said this throughout this process, and I reiterate it clearly and emphatically.

[Arizmendi] To conclude, Mr. President. Did you become desperate at the end of the presidential campaign, as Dr. Botero suggests, and this is why you resorted to drug trafficking money, as Dr. Botero says?

[Samper] If this were the case, he would be the one to become desperate since he, not me, was responsible for financing the campaign.

[Arizmendi] You insist that you would have to be taken out of the Narino Palace dead but with your head high?

[Samper] That's the way, Dario. This is my stand.

[Arizmendi] Thank you, Dr. Ernesto Samper Pizano.

[Samper] Thank you, Dario.

Colombia's Pardo Believes 'Pressure' Influenced Botero

PA2301185996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1254 GMT 23 Jan 96

[Telephone interview with Foreign Minister Dr. Rodrigo Pardo Garcia-Pena by station news director Dario Arizmendi and unidentified reporter; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We greet Colombian Foreign Minister Dr. Rodrigo Pardo Garcia-Pena. Good morning, Mr. Minister.

[Pardo] Good morning, Dario. How are you?

[Arizmendi] Can one say good morning after what has happened?

[Pardo] Obviously we are all terribly affected by this statement by Dr. Botero, but we have to forge ahead.

[Arizmendi] What is the president's mood this morning?

[Pardo] I spoke to him a while ago; he is very calm, he is studying all the events and reactions. As you know, Dario, he has summoned a Council of Ministers meeting for 1000 [1500 GMT]. As you know, the president made a brief speech at 0200 this morning, and he is working on the options he has to continue forward.

[Arizmendi] What could those options to continue forward be, Mr. Minister?

[Pardo] Dario, the truth is that it is too early to say. It is really the president who is evaluating them. I believe he wants to hold a Council of Ministers meeting that is very deliberative and wants to analyze, discuss, and study the possibilities within the Council of Ministers.

[Arizmendi] Mr. Foreign Minister, Caracol has learned that Health Minister Augusto Galan Sarmiento may withdraw. He was one of the last officials to arrive at the Narino Presidential Palace last night and the first one to speak to the president before attending the extraordinary session of ministers of state that had been summoned. Caracol has also learned that all ministers backed the president, the only one to remain silent was Augusto Galan Sarmiento, and that the president said that his attitude was understandable. What is going to happen to Galan?

[Pardo] Yes, indeed Dario, everything you say is practically what I can say. There is little I can add. I personally spoke to Dr. Augusto Galan, and we exchanged a few ideas. He spoke with the president for a long while, and when the Council of Ministers gathered, he did not speak; the president spoke on his behalf and said that he had held very frank talks with Dr. Galan, and the president said something like both of us know very well what the other thinks.

I believe Dr. Galan is also evaluating things and is experiencing very understandable confusion.

[Arizmendi] The president's resignation has been ruled out, according to what the president told Jorge Ramos of

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the Univision newscast at about 0130 or 0200. Is there an option to hold a plebiscite, for example, a referendum or popular consultation to learn if the Colombian people want the president to remain in power and receive this confirmation?

[Pardo] What the president has said up to now is what he has also told us, what he has said publicly. He feels that right now we are closer to the truth, which is something that he has wanted from the very beginning of this case. Remember, Dario, that ever since reports and versions began on money from drug trafficking entering Dr. Samper's campaign, he came out and said I want the truth to be known and sought different ways to investigate. He first requested an investigation into the prosecutor general, who was Dr. Gustavo de Grieff at the time. Afterward, he requested this from Dr. Alfonso Valdivieso, then he requested a reopening of the famous narco- cassettes' case, and finally he resorted to the Accusations and Investigations Committee of the Chamber of Representatives, which is the body that the Constitution provides to investigate presidents.

When he said last night on television that we are closer to the truth, he is once again reiterating that this is his goal and what needs to be discussed is not what the goals are, but how to reach that objective, which right from the onset of this process he has considered to be a needed priority — clarification of the truth.

[Arizmendi] Can the country withstand an uncertainty that can last several weeks or months, to clarify from the legal point of view everything pertinent to the case?

[Pardo] I believe the case will continue being difficult and problematic as it has been up to now. But it is very possible that we are now closer to the end than we have been in all the previous months. This country has had difficult times as it is and, if all this can be justified by clarifying the truth, cleaning-up politics, and once again making very clear before the international community that this country does not tolerate drug trafficking, then surely this will be an effort that, although painful, will be worthwhile.

[Arizmendi] At this stage of the game, to use a sports term, do you believe there was Cali Cartel financing in President Samper's campaign?

[Pardo] There are a series of reports and accusations that logically worry all Colombians very much, especially those of us who were in the campaign and trusted that we were adopting all the mechanisms to prevent this. It seems to me, Dario, as I have said at other times, if the Cali Cartel managed to infiltrate drug trafficking money, it is very important to ascertain the amounts and the way it was done.

It is one thing for the Cali Cartel, in order to seek a certain behavior from the government once elected, to have managed to infiltrate drug trafficking money; and it is another, which is very different, for Dr. Samper's campaign to have sought that money and made commitments to drug traffickers. Those of us who worked in the campaign and know Dr. Samper very well, fully trust him. Just as one of my colleagues said in the cabinet meeting, we trust and have a loyalty toward him because loyalty is based on faith, and we have faith in a person who issued very clear instructions from the beginning to the end of the campaign on how we, the people in charge of collecting the money, had to be totally intolerant of the possibility of receiving money of doubtful origin. Not only from drug trafficking, but from other possible illegal sources.

[Arizmendi] Mr. Minister, if it was proved that there was really a significant financing by the Cali Cartel of Dr. Samper's campaign, do you really believe that politically and morally the president can maintain the position that this leak took place behind his back?

[Pardo] I am absolutely sure of that, Dario. It seems to me that his actions as a ruler and as president of Colombia show this. The Samper administration's policy toward drug trafficking is not the policy of a government that has commitments to drug trafficking. On the contrary, it is the government that has managed to deliver the most blows to the Cali Cartel and to drug trafficking in general in Colombia.

I am therefore absolutely convinced that when President Samper says that any drug trafficking money was behind his back, that is true. Many of us who took part in the campaign are witnesses of how this campaign worked, how the division of labor operated, and the truth is that Dr. Samper, who was then a candidate, never had anything to do with campaign finances. He never had anything to do with budgets, never had any knowledge on how this was handled.

This is how the campaign was designed, to a great measure by Dr. Fernando Botero, at the beginning of this campaign, following U.S. patterns. He separated day-to-day campaigning by the candidate from financial responsibility and put it in different hands than that of the candidate. Therefore, for us, who lived the campaign closely and know Dr. Samper, the phrase President Samper said is absolutely believable, that if there was drug money involved it took place behind his back.

[Arizmendi] Mr. Minister, you — and it is a known fact — have been a very good friend of Fernando Botero, and with Dr. Ernesto Samper Pizano. You must be in a terrible predicament.

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[Pardo] Undoubtedly, Dario. Many of our mutual friends were in the campaign dealing with the budget and with the conviction that things were being handled properly, that the financial side was being well-handled. We did not need to know, because we presumed that Dr. Botero was acting just as had been announced from the beginning of the campaign, with very strict criteria, very orderly, and in fact making innovations in the way campaigns were carried out in Colombia. Of course, this is a very difficult situation for us, who are friends of both Dr. Samper as well as Dr. Botero.

[Arizmendi] In this sort of loyalty crisis you must be suffering, you seem to favor Dr. Ernesto Samper.

[Pardo] Friendships cannot be shed like shirts; in fact, unfortunately one cannot remove a friendship even if one wanted to. I view this question, Dario, and you will excuse me if I have to speak for myself, that affects very directly my own conscience. Dr. Samper's version is more believable to me because I saw very closely during the campaign that Dr. Samper had absolutely nothing to do with the finances. He never got involved with finances; he never concerned himself with them. Furthermore, I not only worked with Dr. Samper in this 1994 campaign, I also worked in 1990 and was also close to him in other campaigns for the Senate and the council, throughout Dr. Samper's political campaign, and he was never a person to take much interest in the financial side of things.

Any person who knows Ernesto Samper knows that, to the contrary, it is a topic that bores him, that bothers him, and that he likes to delegate. Additionally, in this past 1994 campaign, not only out of personal preference, but because he decided that the best campaign scheme was to separate the assignments and place the handling of finances separate from the candidate. It is even more believable to us in this past campaign that the president knew nothing of these finances.

[Arizmendi] Were you with the president when the CM& newscast interview was broadcast?

[Pardo] Yes, Dario. I had heard from about 2000 that this was to take place. I tried to find out if this was true and then went to the presidential palace and arrived exactly when the CM& newscast was about to begin, and a group of people watched it there. As you can well imagine, we were completely surprised and dismayed.

[Arizmendi] What did you feel when you heard the first revelations by former Minister Botero to the effect that the president did know drug trafficking money had entered the campaign?

[Pardo] Great anxiety and worry; especially when he not only said that President Samper knew, but that Botero had no knowledge. It was then perfectly clear to me that this was a strategy to seek legal benefits for his own case. This scenario is absolutely impossible.

Those of us who worked in the campaign saw how Dr. Botero centralized all the main tasks and not even a single piece of paper was moved without his consent and authorization.

Specifically, the financial side was always handled by Dr. Botero and Dr. Medina, who was a person who was brought into the campaign by Fernando Botero. Santiago Medina was not a friend of ours; he was contracted only for the campaign. Furthermore, it has recently been learned that when Santiago Medina was appointed campaign treasurer there were many people who stated that he was not the right person, that he was not the appropriate person to fill the post of campaign treasurer.

We always spoke, outside of the campaign, about these commentaries we heard, and Dr. Botero always defended him as being a person who had experience in other campaigns, who had worked with Luis Carlos Galan, who had worked with the New Liberalism foundation, who had worked with former President Turbay. We always knew that Santiago Medina was a person trusted by Fernando Botero, and between both of them they handled, operated, controlled, and never allowed anyone to get close to the handling of the campaign finances.

[Arizmendi] Have you no fears after your friend, Fernando Botero, said last night that many other campaign officials knew about the existence of drug trafficking money?

[Pardo] I have no fears as far as my own personal case is concerned, because my conscience is absolutely at ease, and I believe that lies are indeed dangerous. I cannot say that I do not fear lies, but there has to be a way to demonstrate they are lies, and there is a truth I feel absolutely comfortable and at ease with.

[Unidentified reporter] Dr. Rodrigo Pardo Garcia-Pena, was Dr. Medina speaking the truth when he said President Samper had nothing to do with the financial handling and that he handled everything through Dr. Botero, as you more or less have also said?

[Pardo] That is a very good question, because it shows Dr. Santiago Medina's testimony, which I remember correctly was published on 26 July. The country has lived with this testimony for six months, and the country has believed it because all this case has been based on this testimony. This totally contradicts what Dr. Botero said yesterday. According to Medina in July, he and Dr. Botero knew and also Dr. Samper [as heard]. According

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to Botero yesterday, only Dr. Samper knew and not Dr. Botero. Contradicting himself, Botero said yesterday, trying to defend Dr. Santiago Medina, that Medina was the first person who dared speak the truth. But these are two truths that do not match. If you place one on top of the other, the versions do not agree; they contradict one another.

[Unidentified reporter] Dr. Nieto Roa, analyzing the situation in the pre-dawn hours this morning, said that what is now taking place is a confrontation between Medina and Botero, which does not involve President Samper.

[Pardo] Yes, indeed, there is a contradiction. Unfortunately, when one listens to these testimonies, one has to take into account that in Colombia we have a new method to enforce justice. This is the accusation system adopted under Colombia's new Constitution. I believe this is step forward, a hope, which I believe will contribute to enforcing justice in Colombia. But it has provisions to negotiate with those being accused so that their versions and what the enquiries ask can meet certain legal goals. Thus, when Medina speaks, he is seeking certain goals, some of which have already been clarified. Proof of this is that he is at home. When Botero speaks he too seeks certain goals and proof of this is that both testimonies do not match.

[Unidentified reporter] Mr. Foreign Minister, is there a possibility that notwithstanding President Samper was unaware of the financial handling, he became desperate during the final days of the campaign, as Dr. Botero suggests, and turned to drug trafficking money?

[Pardo] Look, my recollection of the campaign does not agree with what Dr. Botero said last night. Dr. Botero said that this alleged entry of drug trafficking money into the campaign took place during the last nine days. What I recall is that there was desperation and that Fernando was the most desperate, because the rest of us were sure we were going to win. The most desperate was Fernando and fellow campaign workers can attest to this, but it was more so when the first election round took place. In other words, three weeks before the runoff election.

To the contrary, the last days, the last week, during the last nine days, the campaign again became very optimistic because the polls showed that we had picked up and that we were ahead of Dr. Andres Pastrana. One tends to forget that the last polls already showed that Dr. Samper was going to win. I recall a conversation I had with one of the advisers directing the campaign. I asked him if he had ever worked as an adviser in an election in that results were not known, because nowadays, with the polls one always knows who is going to win, and we were discussing precisely the topic of polls. This adviser replied no, I have always known who is going to win. I asked him, even this time? He replied, yes, we already know that we will win this time; we are two or three points ahead, which three of four days before the elections seems to me definitive.

Therefore, what I recall is that, during the last nine days, which Dr. Botero referred to yesterday, there was no desperation, as there was already optimism. There was in fact desperation after the first round, when we did not win by the margin we all expected.

[Arizmendi] How do you, who knows Fernando Botero well, explain his attitude change?

[Pardo] I know Fernando well and I can only think that he concluded that the statements he made yesterday and today to the media will help improve his legal standing as opposed to his previous one. That is the only explanation I can come up with, Dario.

[Arizmendi] You think that this could have been the result of some sort of agreement with the Prosecutor General's Office or that Botero received advice from foreign country representatives?

[Pardo] I do not know; I truly have no information about that. I only know that Dr. Botero has made an in-depth study about this situation, about the laws the affect him. I have visited him in prison and asked him his opinion about what could have happened during the campaign. I asked him about the veracity of the statements by Santiago Medina that were published. He had an opinion that I found to be very credible and that became the basis of my actions: If there was Cali Cartel money it was because Medina orchestrated it.

Thus, he has studied matters very well. I think that he has evaluated all options very well. I simply believe that yesterday, after much pressure from the media and from persons who are known to have visited him, including friends and even family members, he decided that this was the best solution to strengthening his personal case.

[Arizmendi] This solution was orchestrated with statements by a Gaviria follower, by Dr. Andres Pastrana, and hours before by Dr. Juan Manuel Santos. Was an agreement on how to handle the media and the publications reached, Dr. Pardo Garcia-Pena?

[Pardo] I could not say because I have insufficient facts to formulate an opinion. There is no doubt that since this process started the political enemies of the president have been the ones promoting charges against him the most. It is true that in this process some friends of the president have changed position too. I would even dare say that they are legitimately concerned over the charges

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on the infiltration of drug trafficking money into the campaign. For the most part, however, this process has been promoted by the political enemies of Dr. Samper.

Everyone is aware of this. If we review the media that have been most insistent on this process, we would discover that they are the ones that were the least supportive of Ernesto Samper's candidacy. If we review who the leaders and the ones that have more quickly accepted the charges against Ernesto Samper without much evidence, we would also discover that they are the ones who opposed the president in the past elections and leaders who favored candidates other than Ernesto Samper. Thus, there is a very large political component here.

Colombia's Serpa Interviewed on Botero Allegations

PA2301190896 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1337 GMT 23 Jan 96

[Telephone interview with Government Minister Horacio Serpa by newscast director Dario Arizmendi from "Caracol's 0600 to 0900 newscast" — live]

[FBIS Translated Text] [Arizmendi] We have on the line Government Minister Horacio Serpa Uribe, who has just arrived in Santa Fe de Bogota from Choco Department. Good morning, Mr. Minister.

[Serpa] Good morning, Dario. How have you been?

[Arizmendi] Your opinion on the most recent events, that is, former Minister Botero's remarks?

[Serpa] When I learned of the news last night, I experienced tremendous surprise, anxiety, and sadness, which is still with me. Of course, I am confident and convinced that President Ernesto Samper's remarks are the truth. I am still convinced — and I think the majority of the people in the country share my feelings — of Samper's innocence. I am willing to struggle for this truth.

[Arizmendi] Do you feel betrayed by Botero, who had been a friend of yours until yesterday?

[Serpa] He has been a good friend. I still do not understand what may have happened. He and I had a fine relationship and trusted each other very much. He is a person of many qualities and values. This is why I was caught by surprise by his remarks last night.

[Arizmendi] Had you anticipated what happened last night, Mr. Minister?

[Serpa] No. Such a thought had never crossed my mind before.

[Arizmendi] President Samper has just told us that Botero had presented to the government several remarks and demands of a varied nature. Had these demands made you people uncomfortable?

[Serpa] It is just natural for Botero to have remarks and demands, considering that he was being held in prison. So I was not completely surprised by those demands and remarks.

[Arizmendi] Which government alternatives would you favor to deal with the new crisis?

[Serpa] Well, Dario. I have not had an opportunity to talk with the president today. I did not attend last night's ministers meeting. I have been a little removed from this situation. I do want to make a statement on President Samper's position, however. I want to express my complete solidarity with him, his government, and his remarks and explanations. I have no doubts that his remarks represent the truth. In addition, I wish to appeal to the Colombian people, the Liberal Party, the Alliance for Colombia, the conservatives who have believed in President Samper's government, the workers, and the teachers, to defend and support the president. This is a time when a great national presence of mind is necessary so we can overcome the crisis that was unleashed by the crisis we are commenting on.

[Arizmendi] Last night, Botero said that, apart from the president, other leaders of the campaign were aware of the Cali Cartel's financial participation in it and that he would report them, but that he could not reveal their names at the time because they were included in the confidentialty of proceedings. Are you afraid of being on Botero's list?

[Serpa] I am not afraid. As is commonly said, I have a clear conscience. Nevertheless, I wish to point out the following. At this time, I am not at all concerned over my fate or my future. I am concerned over the country's future. I am concerned over President Samper because many important things for Colombia depend on Samper's fate and credibility. More than on ourselves, we must think about the president, what he means for all Colombians. We must defend him and express to him our deepest solidarity, thus defending Colombia's fate.

[Arizmendi] Samper's credibility seems to have been accepted, at least in certain sectors. Because of this, would it not be a good idea to resort to a referendum to legitimize Samper's position?

[Serpa] This has been commented on often. This and many other things will have to be considered. I have no doubts that a popular referendum would favor Samper. The people are with him. All Colombians are aware of the efforts that Samper has been making to help the

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country solve its sad situation. In addition, something is sure. We are dealing with a confrontation on the country's development model. Many do not like the development model chosen by Samper because it is a social model designed to balance the burden. This has much to do with all that is taking place in the country, Dario.

[Arizmendi] Some people have pointed out that this is not a coincidence, but that this is just an orchestration of the situation. A few hours before Botero's remarks, which had been agreed on with some media, Gaviria's friends and followers had issued a document strongly attacking Samper. What do you have to say about the Gaviristas' document?

[Serpa] Yesterday I made remarks during an important forum in Quibdo. I call that document the sophists' document because, under an appearance of truth, they are attempting to make Colombia believe lies. The document criticizes the current government as if 18 months ago Colombia had been a paradise. These nostalgic and prominent personalities, who do not accept the fact that it is their turn to rest a little and let others rest, too, have been trying to say that the wrong and bad things in the country are to be blamed on this government. [Words indistinct] tell those present that 18 years ago that there were guerrillas, that FARC [Revolutionary Armed Forces of Colombia], ELN [National Liberation Army], and EPL [People's Liberation Army] were as strong as ever. Eighteen months ago, there were paramilitary groups and their numbers were increasing. There was drug trafficking, and ringleaders were on the loose. Eighteen months ago, impunity reached 96 percent. Eighteen months ago, dire poverty affected 40 percent of the Colombian population.

Abject poverty is a situation in which 17 million Colombians are living. The concentration of wealth continues; unemployment exceeded 10 percent. Up to that time, the interest rates had never skyrocketed; the economy was growing at less than 5 percent. Smuggling was also on the rise. Textile manufacturers and leather industrialists went bankrupt. Agriculture failed. All this occurred before President Samper took over the presidency of the Republic. Now the economy is growing by more than 5 percent, and unemployment is below 9 percent. For the first time in many years, inflation rates were below 20 percent. We are fighting against drug trafficking, violence, and impunity. This is why I am saying that this is the sophists' argument, Dario.

[Arizmendi] Mr. Minister Serpa, the country is currently discussing if the president of the Republic accepted the infiltration of drug trafficking money into his campaign. It seems that the argument that mafia money infiltrated the campaign is no longer being discussed, because everybody has admitted it. The question is, if we still have almost three more years to go before this government ends, can a country, a government, and a president morally and politically resist for such a long time the domestic and foreign discussions on the issue?

[Serpa] Look, whether drug trafficking money infiltrated the campaign is precisely what is being investigated. In any case, on the one hand, if this type of money infiltrated the campaign, President Samper had absolutely nothing to do with it. On the other hand, discussions will certainly continue.

The same day the Accusations Committee, which is the body, constitutionally speaking, in charge of prosecuting the president of the Republic, issued a verdict, we learned that the discussions were going to continue for three more years. It was so much so that I said that, even if God's court had acquitted President Samper, his detractors would still not be satisfied. However, of course the government will stand its ground, and President Samper will be able to continue ruling with the support of the people, for whom President Samper is working.

[Arizmendi] Mr. Minister, would you agree with a summoning of Congress into special sessions in light of the crisis the country is facing again?

[Serpa] I have not had the opportunity to talk about this issue with either the Council of Ministers or the president. We will analyze this issue. I think that the talks held with the bosom of the Council of Ministers on the evening of 22 January were interesting. Unfortunately I was not present.

[Arizmendi] Are you going to hold discussions on this issue with the members of the Liberal Party National Directorate?

[Serpa] With them and with all political parties, with the unions, housewives, peasants, and teachers. We will talk with all Colombians, because it is not true that only 50 people represent Colombia. It has 30 million people, and from now on, we will talk a great deal with these good Colombian people.

[Arizmendi] Mr. Minister, we learned that the Conservative Party representatives who are part of Samper's cabinet and the Council of Ministers — namely, Rodrigo Marin, Luis Alfredo Ramos Botero, and Juan Gomez Martinez — earlier this morning voiced their full support for President Samper. They told him that they believed in him, that they continue to believe that he was telling the truth, and that they wanted to remain in the

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cabinet if he wants them. Do you believe that other ministers will not take the same steps their colleagues did?

[Serpa] I believe that the cabinet's support must be unanimous. Now, I do not know what my colleagues are thinking individually. However, those of us who are members of the cabinet know Ernesto Samper; we know his human traits, his appearance, his concerns about Colombia. We see him as a great man, as a chief of state, as someone who, as is commonly said, has the entire country in his mind. This is why we are vehemently supporting him and why we are expressing solidarity with him.

[Arizmendi] Do you still believe, as President Samper told "Caracol's 0600 to 0900 Newscast" a few minutes ago, that he will leave Narino Palace on 7 August 1998 with his head held high or dead?

[Samper] Yes, indeed. Many of us think so.

[Arizmendi] Then, are you also willing to suffer the same fate as President Samper?

[Serpa] Of course, of course.

[Arizmendi] What do you mean? Is it collective suicide?

[Serpa] No, it is not collective suicide. We will defend the government; we will defend this country. They [not further identified] will not scare us with reports and sophisms; we will resort to the citizens' support. The president, as he has said many times, will not resign the presidency of the Republic. He was elected by the people, and he has a mandate to fulfill until 1998. He will be here until that date with the support of the Colombian people, who every day witness how he grows as a statesman and how he is concerned about Colombia.

[Arizmendi] Instead of this bold challenge, would it not be advisable to say that you will await the decisions of the Prosecutor General's Office, justice, and the proper authorities, instead of foretelling suicides and talking about leaving with the head held high or dead?

[Serpa] We have always said that we respect justice. The thing is that justice is in favor of the president of the Republic. The problem with these assertions is that many people who say that they resort to justice disregard justice when the ruling is favorable. [sentence as heard] In this country we definitely have a handicap [manqueo]; this is called one-handedness [manqueismo]. With it, we are... [pauses] what the president is saying and what we, his friends, are saying do not constitute a challenge; it is a simple conviction. We are absolutely certain about this. This is why we will fight for this country and this government.

[Arizmendi] Minister, what do you think of the following coincidences: Noemi Sanin Posada, former foreign relations minister and former Colombian ambassador, arrived in Colombia on 18 January. Andres Pastrana Arango arrived in Colombia on 20 January; in Madrid he granted an interview to rightist and monarchic daily ABC demanding Samper resign. Former Foreign Trade Minister Juan Manuel Santos on 19 January also requested the resignation of the president on the front page of the daily EL TIEMPO, and invited Botero to tell the whole truth; a certain minister in Cesar Gaviria Trujillo's government on the evening of 21 January made public the document Agenda 1996, harshly criticizing the president and his policies; and yesterday Botero made the statements of which the entire country is aware. Was all this orchestrated?

[Serpa] It seems to me that there is a conspiracy [manguala] against Samper's government. We have reported this for a long time. An old saying goes: birds of a feather flock together. There definitely are people interested in harming this government; they did not accept the electoral results. They cannot wait until 1998 to see if they have the option to govern the country. They are attempting to harm President Samper in any way possible and to destabilize the country. They have already disregarded Congress, and if the rulings do not favor their interests, they disregard justice. They are saying bad things about their adversaries; they tell all sorts of lies. It is quite a scheme, a conspiracy [manguala]. This is what people call a conspiracy against Samper's government.

[Arizmendi] Mr. Minister, has it been proven to you that Gaviria's followers are the conspirators and are the ones promoting this conspiracy against Samper?

[Serpa] Well, many personalities are involved in this affair. I personally have a good opinion of Gaviria. However, I cannot say the same thing about many of those who worked with him. If we conduct the [word indistinct] test we conducted a few minutes ago, we will realize that what they are saying about the current and previous situations in the infamous document is not true. It is exactly the opposite: now is the time when we are economically and socially growing. It is now when we are seeing the results benefiting the country.

[Arizmendi] Dr. Serpa, of the various legal and juridical hypotheses being proposed recommending Samper leave the presidency, there are rumors, and it is being speculated, that Congress could select the vice president to temporarily take over the presidency. You will be that vice president, because you have a great deal of support from the political and parliamentarian classes. [sentence as heard] What is your opinion?

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[Serpa] I cannot conceive this hypothesis. Dr. Samper is the president of Colombia; the people elected him until 7 August 1998. He will continue to rule, and people will continue to support him. So, this hypothesis will not materialize, and there is no need to give any opinion on this hypothesis.

[Arizmendi] Interior Minister Serpa, thank you very much for your statements to the Emisoras Caracol Network.

[Serpa] Thank you very much, Dario. Goodbye.

Colombian Prosecutor General's Office Remains Silent

PA2301171396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1604 GMT 23 Jan 96

[Report by Samuel Salazar Nieto]

[FBIS Translated Text] The Prosecutor General's Office has definitely decided to remain absolutely silent about former Defense Minister Fernando Botero Zea's most recent statements.

The decision to delay by a day the start of additional investigations into the case of former Defense Minister Fernando Botero Zea led Prosecutor General Alfonso Valdivieso, Deputy Prosecutor General Adolfo Salamanca, and their [word indistinct], after meeting for several hours this morning here at the Prosecutor General's Office, to announce that no statements will be issued until the complete results of the additional investigations that former Defense Minister Fernando Botero Zea requested is available.

Thus, the Prosecutor's General's Office will not be issuing an official statement today, because additional investigations were delayed until tomorrow. None of its officials will be giving statements to the media either. Moments ago Prosecutor General Alfonso Valdivieso left his office for an undisclosed destination.

Colombian Political Reaction to Botero's Statements

PA2301230396 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 23 Jan 96

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] Political reaction to the revelations made by the former manager of Samper's presidential campaign did not keep people waiting. All representatives of the political world have voiced their opinions:

[Begin recording] [Former Foreign Minister Noemi Sanin] We have another chance today to rectify our course, to demonstrate that we have a single objective that is apart from selfish interests: the truth, the whole truth, and nothing but the truth.

[Chamber of Representatives President Rodrigo Rivera Salazar] There is a clash between the statements of former Minister Botero and the categorical and clear statements by the president of the Republic.

[Conservative Party Directorate President Jaime Arias Ramirez] The president and vice president of the Republic should resign if those statements are true and if they are confirmed.

[Liberal Parliamentarian Francisco Lebolo] There are two solutions: a constitutional solution and a de facto solution. The constitutional solution abides by the Constitution, and the de facto solution, the one many are proposing, involves a coup of opinion [golpe de opinion] or a military coup.

[Senator Lorenzo Muelas] The country cannot be fooled. We are 32 million Colombians who deserve respect. [end recording]

Colombian Representative To Summon Committee Members

PA2301230496 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 23 Jan 96

[Report by Victor Garcia from the "Colombia 12:30" newscast]

[FBIS Translated Text] This newscast has learned that Representative Heyne Mogollon Montoya, the same person who investigated President Samper for the alleged infiltration of drug trafficking money in the president's campaign, will summon the 15 members of the Accusations Committee of the Chamber of Representatives to special sessions. The idea is to have the Prosecutor General's Office send them to the accusatory body that would reopen the investigation of President Ernesto Samper Pizano, as soon as former Minister Fernando Botero presents his evidence:

[Begin recording] [Accusations Committee Vice President Jorge Mantilla] I will try as soon as I arrive to gather as many committee members as possible for a meeting today.

[Committee member Jose Domingo Davila] We will analyze this situation as soon as we are officially summoned. [end recording]

Most members of the Accusations Committee are already in Santa Fe de Bogota, and this suggests that the summons for the meeting will be made official in upcoming hours.

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Colombian Students Demand President's Resignation

PA2301230696 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 23 Jan 96

[Report by Nuvia Ballen from Bolivar Square in Santa Fe de Bogota; from the "Colombia 12:30" newscast — live relay]

[FBIS Translated Text] Javeriana University students started a demonstration at 1100 and were joined by students from the Andes and Rosario Universities. It is estimated that 1,000 students blocked 7th Avenue demanding President Samper's resignation.

The slogans the students shouted also criticized former Minister Botero. They tried to enter the presidential palace, but the authorities blocked their access.

Colombia's Vice President Issues Communique

PA2401001096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2003 GMT 23 Jan 96

["Text" of communique issued by Vice President Humberto de la Calle Lombana at the Colombian Embassy in Madrid, Spain, on 23 January — read by announcer]

[FBIS Translated Text] The statements made by Fernando Botero Zea that were made public yesterday, 22 January, are extremely serious not only because of their content but because of the person making them, given his position as former director of the Liberal Party campaign and former defense minister of the current government. The statements shocked the people and led to an immediate response from the president of the Republic.

The people are demanding the truth, and the judicial system, the Prosecutor General's Office in particular, will be the one that will establish the legal value of Botero's statements. It is important for a judicial pronouncement on this matter to be made as soon as possible. Prolonging the political crisis produces negative repercussions for the country, both nationally and internationally.

Several people have asked me, even vehemently, to give my opinions regarding the latest events. I want to say, however, that my responsibility as vice president of Colombia is unique. Prudence is my contribution to peace at this time. The only way to avoid confrontation among Colombians, which would worsen the current situation, is for us to remain calm, to attain a serene atmosphere.

Colombia will overcome this difficult stage through which it is going; it has done so in the past on various occasions with the support of numerous people of goodwill and with the support of the solid institutions as established in its Constitution and laws. History has demonstrated it.

Later on, I will give my ideas on the matter when the circumstances allow it.

[Dated] Madrid, 23 January 1996.

Colombian Ex-Presidential Candidate: Samper Must Resign

PA2301230596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2217 GMT 23 Jan 96

[Report by Fabio Callejas Ramirez]

[FBIS Translated Text] Former presidential candidate Andres Pastrana Arango has said conservatives must leave the government, because they are supporting a corrupt administration. Pastrana Arango has issued a statement that has just been distributed to the media. In the statement, which deals with the crisis unleashed in the country, Pastrana Arango insists on President Ernesto Samper's resignation and has said Vice President Humberto de la Calle should take his place:

[Begin Pastrana recording] I believe he must resign; he has no other option. It has been clearly demonstrated that drug trafficking money had entered his campaign, meaning he must go; he cannot remain in power. I believe the president must make a patriotic gesture to prevent Colombians from going through the difficult situation in which we are today. [end recording]

Pastrana Arango has said: I must admit that Fernando Botero, in a moment of delayed reflection, has had, as he said in a televised statement last night, a moment of courage.

Colombian Presidential Candidate Asks Samper To Resign

PA2401010596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 24 Jan 96

[From the "Seven O'Clock Newscast" — passages within quotation marks are recorded]

[FBIS Translated Text] Former Foreign Minister Noemi Sanin said, quote, the only thing President Samper can do for the country at this moment is to step down from his post, unquote.

Noemi Sanin today asked President Samper to resign in a gesture of greatness and generosity toward the country. She warned that his resistance to leave Narino Palace

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will prompt the international community to isolate and punish Colombia:

[Sanin] "The president's obsession to remain in power is very costly for Colombians. We could be isolated at the international level, foreign investments could stop, jobs could be lost, trade would become increasingly difficult, and sanctions such as the loss of the U.S. certification would result in grave economic consequences. Colombians' presence abroad has become increasingly difficult, given the loss of prestige. I believe the president can generously help resolve the crisis in the shortest time possible."

She said those who want to discredit Vice President Humberto de la Calle as Samper's legitimate successor to the post only want to create panic among the people:

[Sanin] "To undermine his legitimacy and to prove that this would result in a power vacuum. We Colombians know, however, that our Constitution foresees a separation [salida] without a crisis or a power vacuum."

The presidential hopeful said the president's statements last night clearly demonstrate that Samper has chosen the most twisted road to the truth.

Colombian President Summons Congress for Special Sessions

PA2401002096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2358 GMT 23 Jan 96

[FBIS Translated Text] The media have just learned that President Ernesto Samper has summoned Congress for special sessions to analyze important projects the government has presented through the Interior Ministry on a priority basis and also to analyze the political situation stemming from the statements made by former Defense Minister Fernando Botero Zea.

Colombia's Samper To Announce Measures To Guarantee Governability

PA2401011596 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 24 Jan 96

[Report by Juan Carlos Mateus from the "Seven O'Clock Newscast"]

[FBIS Translated Text] The meeting between the ministers and President Ernesto Samper continues at Narino Palace at this time. It seems it will continue for a few more hours.

President Samper will speak via the Colombian media in the next few hours to announce the measures that will be adopted to guarantee the country's governability. We can sum up the measures in three points: the convening of special sessions in Congress; the lifting of the confidentiality of the investigations that were carrioud out at the Accusations Committee; and the reported convening of a referendum to decide President Samper's fate.

It is also expected in the next few hours that members of the National Conservative Directorate and the Alliance for Colombia will meet with President Samper to review the measures the government will announce today.

Colombian Poll: 49 Percent Believe Botero

PA2401014796 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 24 Jan 96

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Is Ernesto Samper lying? Is Fernando Botero lying? We asked Colombians the question in the following survey.

Hipomaster Colombia Ltd conducted a survey for the "Seven O'Clock Newscast" the afternoon of 23 January. Four hundred and six people over the age of 18 were polled in Santa Fe de Bogota. It has a 5 percent margin of error.

The first question was: Former Defense Minister Fernando Botero says President Samper knew about drug trafficking money in his campaign. The president has said the former minister has lied. Whom do you believe? Forty—nine percent of them said they believed Fernando Botero, 29 percent said they believed Samper, 3 percent did not know or did not answer, and 18 percent of them said they believed neither.

The second question was: Do you agree with a referendum to determine whether Samper remains in power? A total of 71 percent of them said yes, 28 percent of them said no, and 1 percent did not answer.

The third question was: Do you believe Humberto de la Calle is the right person to take over if Samper resigns? Thirty-seven percent said yes, 60 percent said no, and 3 percent did not answer.

Colombian Poll: 52 Percent Say Samper Must Resign

PA2401030296 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0118 GMT 24 Jan 96

[Report by Jorge Enrique Botero and Ana Maria Trujillo from the "24 Hours Newscast" — passages within quotation marks are recorded]

[FBIS Translated Excerpt] [Trujillo] The "24 Hours Newscast" was able to learn from Narino Palace sources

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that President Ernesto Samper is thinking about calling a referendum to let the people decide whether he should continue in office or resign.

[Botero] Following the statements by Former Defense Minister Fernando Botero Zea to the effect that Samper did know about drug traffickers' contributions to his campaign, we are going to tell you how many Colombians believe the former minister and how many believe the president. In a survey taken by Centro Nacional de Consultoria for the "24 Hours Newscast," people had to choose whether to believe former Minister Botero or President Samper. [passage omitted]

[Trujillo] The former minister's statements have changed the opinion of Colombians, as 71 percent believed Botero when he said the president knew about the infiltration of drug trafficking funds into his campaign, whereas 29 percent said they did not believe him, and 52 percent of those surveyed believe President Samper must resign, whereas 48 percent feel he must continue ruling.

Dollar Rises in Colombia After Botero's Statements

PA2401024096 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 24 Jan 96

[Report by Jorge Alfredo Vargas from the "Seven O'Clock Newscast" — passages within quotation marks are recorded]

[FBIS Translated Text] The price of the dollar shot up, and transactions on the country's stock markets were depressed following the statements by former Defense Minister Fernando Botero Zea.

The government had to put dollars on the market. All Botero did was talk, and the price of the dollar shot up, the stock market plummeted, and interest rates began to climb again:

[Javier Fernandez, president of the National Association of Financial Institutions] "Problems [words indistinct] getting worse regarding investments. The interest rate will keep going up; the price of the dollar will tend to go up. Worse still, we will have a smaller economic growth and a serious deterioration of unemployment."

The dollar was sold on the streets for 1,028 pesos, and dollars sold in banks climbed from 1,019 to 1,026 pesos, the reason being that people came out in droves to purchase dollars so as to be on the safe side or to speculate. The rise was so abrupt that the Bank of the Republic put $9 million on the market to avoid panic and to stop the upward trend.

Uncertainty prevailed on the stock markets. Although the volume of sales was maintained, there was little demand, and the price of stocks went down:

[Carlos Caballero, president of the Santa Fe de Bogota Stock Market] "We are giving a very sorry spectacle abroad, and this is not just reflected in prices of stocks in Colombia but also in the ADR [expansion unknown] prices or the prices of stocks Colombian companies have placed abroad."

The situation is critical for business groups:

[National Federation of Businessmen President Sabas Pretelt de la Vega] "We must seek an institutional solution. We are moving in that direction. The political crisis cannot hurt the economy, because employment is hurt, the inflation rate is going up, and all of us are suffering."

The solution to the crisis cannot wait for economic agents. The consequences can be terrible if the situation is not resolved promptly.

Colombian Health Minister Resigns Over Circumstances

PA2401032396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0229 GMT 24 Jan 96

[Report by Luis Guillermo Sanchez]

[FBIS Translated Text] The official resignation of Health Minister Augusto Galan Sarmiento has just been tendered to President Ernesto Samper Pizano. The resignation letter states the following:

Working for social security and for the health of a country guided by the hand of God and begging a bit for greater services constitute a source of pride, but the political circumstances through which we are going clearly indicate to me that my presence in this ministry has reached its end; thus, I will allow myself to resign as health minister in your administration.

According to the letter, the statements made by Former Defense Minister Fernando Botero confirm a true fact that cannot be disregarded: There was drug trafficking money in the presidential campaign. It seems judicial authorities [words indistinct] is imminent regarding the responsibility in these matters.

Under these conditions, the letter states, the government's credibility is facing a difficult situation [words indistinct] to face the great tasks that are necessary for Colombia.

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Colombian Official in Samper Campaign Claims Innocence

PA2401041996 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0230 GMT 24 Jan 96

[Report from the "CM& Newscast" read by announcer]

[FBIS Translated Text] Juan Manuel Avella, financial director of President Ernesto Samper's campaign, has claimed his innocence:

In view of what has happened in the country in the past 24 hours, I would like to break the silence I have kept regarding the matter in which I have been involved. That is why I want to announce the following:

1) Since the moment I joined the presidential campaign of Dr. Ernesto Samper Pizano at the age of 26, my commitment was to do it with honesty and proven honor, as my family raised me.

2) The duties I have performed were always in the open and were performed within the framework of total honesty. I never conducted any illegal activity.

3) My innocence has always been proven since the beginning of this matter, where my actions have always been accompanied by the truth. I am only interested in justice being done.

4) For the sake of the country and because of my lack of involvement in the incidents being investigated, I hope this nightmare will end so I can return to my family.

[Signed] Juan Manuel Avella.

Colombian Congress Calls Special Sessions for Next Week

PA2401045396 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0230 GMT 24 Jan 96

[Report by William Parra from Narino Palace — live relay]

[FBIS Translated Text] The Congress of the Republic has been called to special sessions for next week. As has been mentioned, the purpose is to get the legislative branch to initiate political control of the executive's activities. In the framework of this political control, Congress could start a political debate on President Samper's responsibility in the infiltration of drug money into his electoral campaign.

The scenes you are watching are from the Council of Ministers meeting held yesterday. At this meeting, the ministers started to study important measures that will allow the government to face the current political crisis.

In addition to requesting that the Congress of the Republic hold special sessions, President Samper will also announce tomorrow that a special commission will be established to study the legal feasibility of a referendum and to determine whether i: is possible to convene it; that is, whether it is possible to call Colombians to take a stand in favor of or against the social program of Samper's government. The referendum will not ask Colombians whether they back or do not back the president or whether they want him to stay.

The country's current political situation is so difficult that even the Liberal Party, President Samper's party, has been unable to take a united position or determine whether it backs the president. There are even voices asking that the president take a leave of absence and that Vice President Humberto de La Calle replace him:

[Begin recording] [National Liberal Directorate member Luis Guillermo Giraldo] There are several positions; one of them is that he take a temporary leave of absence. The Accusations Committee would then study what has happened after Fernando Botero's testimony; this would give the Accusation Committee more credibility when it makes a decision.

[National Liberal Directorate member Jose Guerra Tulena] It is necessary that the Office of the Prosecutor General of the Republic present the new evidence on the restraining orders issued by the Accusations Committee last year. I believe and have discussed it with the National Liberal Directorate members here this afternoon that the Accusations Committee must meet and request that the prosecutor general send the evidence he has.

[National Liberal Directorate member Rodrigo Rivera] We have to ask the prosecutor general, who must have evaluated the evidence under his jurisdiction, to tell us which of the two testimonies presented by former Minister Botero is credible. If it is the last one, the Prosecutor General should request that the Accusations Committee reopen the investigations.

[National Liberal Directorate member Ines Gomez] The National Liberal Directorate cannot say who is telling the truth. Undoubtedly, there are instances here that must have evidence. This evidence has to be studied thoroughly so as to conclusively establish who is telling the truth in this case. [end recording]

There will be two important meetings tomorrow. The Council of Ministers will meet again at noontime to formalize the measures to be presented by the national government. Later, at 1700, the National Liberal Directorate will meet with the party's Central Political Commission.

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Ecuador

Ecuador's Pena Notes Meeting With Presidential Candidates

PY1201145696 Madrid EFE in Spanish 0206 GMT 11 Jan 96

[FBIS Translated Text] Quito, 11 Jan (EFE) — It was reported today that at least eight of the 12 presidential candidates running in the Ecuadoran general elections slated for 19 May 1996 will meet with cabinet members and other outgoing government officials to discuss the socioeconomic situation of the country.

Ecuadoran Vice President Eduardo Pena has stated that the meeting, scheduled to be held on 15 January, is of his own initiative. He added that this unprecedented event in Ecuadoran history seeks to end practices of political "cannibalism."

Pena said: "At the end of the 20th century, it is time for Ecuadorans to stop practicing political cannibalism and to start behaving like political adversaries who are concerned about the future of the country," because every four years — the duration of a presidential term — "Ecuador is reinvented."

He added that the meeting which will allow the presidential candidates to know "the true state of the country," constitutes the first step adopted by the Duran-Ballen administration to avoid "traumas" in the transition process of the new administration to be installed on 10 August 1996.

Pena said: "We want the presidential candidates to have a clear idea about the country's situation but we are mainly interested in informing them about certain projects being implemented which we hope will be promoted by the incoming administration."

Spokesmen from the vice president's office have informed EFE that the meeting will be attended by Finance Minister Ivan Andrade; Social Welfare Minister Alberto Cardenas; Health Minister Alfredo Palacio; Labor Minister Alfredo Corral; and Central Bank Manager Augusto de la Torre, among others.

During the meeting, each candidate will have 15 minutes to give his opinion and ask questions.

IDB President Uruguayan Enrique Iglesias, and officials from the World Bank, the UNPD, and Andean Development Corporation (CAF) officials, will also take part in the meeting to inform the candidates about the different programs supported by these organizations.

Iglesias and Pena are scheduled to travel to Quito together after attending the inauguration ceremony in Guatemala on 14 January.

Ecuador Weighs Peruvian Proposal on Arms Purchases

PY2401014996 Quito Voz de Los Andes in Spanish 2300 GMT 23 Jan 96

[FBIS Translated Text] Ecuador is conducting a top-level analysis of the Peruvian counterproposal submitted last week by Peru for the adoption by the two countries of control mechanisms concerning the puchase of weapons.

Meanwhile, the United States has officially announced that it is already lifting the embargo on war materiel, although it has established restrictions on the sales of weapons to both countries. It has explained the U.S. policy on this matter to both countries.

U.S. Ambassador to Quito Peter Romero said that some conditions were established after the conflict regarding the sale of weapons to the two countries, but that there was no need for an embargo.

There is a previous agreement between Peru and Ecuador on the purchase of weapons established in October 1995 during a meeting held in Brasilia between Deputy Foreign Ministers Marcelo Fernandez de Cordova of Ecuador and Jorge Voto Bernales of Peru.

Ecuador and Peru, in addition to the guarantor countries, have agreed, then, on the need to avoid the risk of an arms race in order not to jeopardize the cessation of hostilities to the detriment of the peace process that is in effect.

The Peruvian Foreign Ministry Consultative Committee, made up of outstanding former foreign ministers, has agreed to support Peruvian Foreign Minister Francisco Tudela in the negotiations that began last week with his Ecuadoran counterpart Galo Leoro. The decision was approved after listening to the report Tudela submitted this morning to that working group on the points discussed at the meeting with Leoro held within the framework of the Rio de Janeiro Protocol.

The results of the Leoro-Tudela meeting were considered modest but important by the Peruvian minister because the two Andean nations decided to sit down at the negotiating table to discuss the territorial conflict that has divided them for more than 50 years.

Ecuador Supports Arms Purchase Oversight by 3d Parties

PY2301214196 Quito Voz de Los Andes in Spanish 1700 GMT 23 Jan 96

[FBIS Translated Text] Ecuadoran Defense Minister Alfonso Alarcon has reported that Ecuador supports the theory of seeking the participation of a third country to

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oversee the purchase of weapons by Ecuador and Peru within the framework of the peace process between the two countries.

Alarcon added that among the countries that could participate in overseeing the weapons purchase are Argentina, Brazil, Chile, and the United States, the guarantor countries of the Rio de Janeiro Protocol.

He also mentioned the possible participation of friendly nations, although he did not mention to what country he was referring, or of some international organization that could verify the agreement between Ecuador and Peru.

The governments of Quito and Lima are immersed in a peace process in the wake of the undeclared war the Ecuadoran and Peruvian armed forces waged between 26 January and 28 February 1995.

Ecuadoran and Peruvian Foreign Ministers Galo Leoro and Francisco Tudela, respectively, are holding talks to establish the procedures to develop future talks to definitely solve the territorial conflict between the two nations.

When these procedures end, we will have to sit at the negotiating table, Alarcon added. He is said to be in favor of extending the presence of the Ecuador Peru Military Observers Mission, MOMEP, near the border of the two Andean nations where they are controlling the fulfillment of the Itamaraty — Brazilian Foreign Ministry — Peace Agreement signed on 17 February 1995.

Ecuador's Economic Stabilization 'Possible' in 1996

96SM0046A Quito EL COMERCIO in Spanish 2 Jan 96 p B4

[Received via Internet]

[FBIS Translated Text] At the beginning of every year various forecasts are made about the future, some of them encouraging and others pessimistic.

In the view of CORDANEC [Economic Analysis Corporation] it may be possible to achieve the economic stabilization apparent until the beginning of 1995. However, this could be accomplished on one condition: economic groups should limit their reactions to the process of political change.

The greatest uncertainty in 1996 will probably center on the course of the exchange rate and capital flows, which reportedly will have a direct influence on economic growth and the stability of production.

There reportedly will be pressures against achieving a balance in public sector accounts. It would be appropriate to make an effort to avoid an increase in public spending and to increase tax collections so that, when there is a change in government, this will not result in the usual maladjustments. Taxation now stands in the vicinity of 12 percent of GDP [gross domestic product].

If social groups show little disposition to reach a consensus, this could lead to strong, inflationary tensions, which, in turn, could affect economic developments over the medium term.

The country will continue to face high and possibly more serious risks than at present if tensions in the financial sector are not reduced. CORDANEC does not rule out the possibility of definitely worrisome aspects resulting from a deliberate change in economic indicators.

CORDANEC considers that, by comparison to 1994, GDP in 1995 only increased by 1.8 percent, while the budget deficit increased by 1.0 percent. International monetary reserves in 1995 reportedly fell by $20 million, compared to 1994 levels.

CORDANEC estimates that between 1995 and the year 2000 there will be an average growth in GDP of about 4.0 percent. This is based on the assumption that a policy of rationalization of the o73 productive apparatus will be carried out to reap the achievements of the stabilization achieved in the preceding years.

Petroecuador Announces Pipeline Expansion

96SM0046B Quito HOY in Spanish 11 Jan 96 p 6A

[Received via Internet]

[FBIS Translated Excerpt] Quito, 11 January 1996 — The Board of Directors of Petroecuador [Ecuadoran State Petroleum Company], at its meeting on 10 January in Quito, authorized the expansion of the Transecuadoran Pipeline to give it a transportation potential of 380,000 barrels of petroleum per day.

Jorge Pareja Cucalon, chairman of the Board of Directors of the company and minister of energy and mines, stated that this project will be implemented by Petroecuador, using technical personnel and financial resources of the state owned company. It will be operated by the employees of the pipeline company, which is owned by Petroecuador.

He further stated that the project has been earmarked for immediate implementation. Consequently, the Board of Directors ordered the beginning of the basic engineering and detailed studies necessary to determine the technical and economic aspects of this project. The expansion of the pipeline by Petroecuador can no longer be delayed.

Pareja emphasized that over the next few weeks the ultimate costs of the project will be determined, when

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the results of the studies are known. The cost will definitely not exceed the original estimates.

He pointed out that the investment will be made by Ecuador, the project will be defined in optimum terms by specialized, Ecuadoran personnel, and, above all, it will be operated by Petroecuador technical personnel.

Ecuador's Implementation of 'Living Borders' Policy Urged

96SM0046C Quito EL COMERCIO in Spanish 12 Jan 96 p A4

[Received via Internet]

[FBIS Translated Text] 12 January 1996 —What has Ecuador done, in effect, to consolidate the policy of "living borders" which it announces whenever a border conflict occurs? The question is pertinent because it involves comparing it with the programs which Peru, our neighbor, is carrying out in this sense.

Although we can anticipate the answer which will probably be given by the government, everything seems to indicate that this old proposal remains to be implemented and to receive the support it needs. This proposal is the best way to strengthen national sovereignty in the extensive area whose borderline we share in the East and South with Peru. It is also an old Ecuadoran custom to forget any proposal very quickly, however important it may be. When the problem comes up again, as it has so many times in the past, regrets are expressed, and we once more make promises to do something about it.

Peru is settling Army reserve forces in the Amazon territory bordering on Ecuador. These troops are being turned into farmers and are being provided, for this purpose, with a series of benefits, including housing, electrical equipment, implements, and other forms of help.

However, the essential aspect is that, according to a statement made by the commanding general of the Peruvian Army in the Sixth Military Region, whose headquarters are in Bagua, Army engineers have built 185 km of roads suitable for vehicles, "bringing together villages near the frontier with Ecuador." He stated that in 1996 the length of the road network will be tripled. That means that, in a short period of time, Peru will have a fair weather highway network in this area. The contrast with Ecuador may be imagined.

It would therefore be appropriate for the Ecuadoran Government to approve a program with this purpose in mind, for implementation, and with no more excuses, by future governments which will not be able to ignore it under any pretext. It is these "living borders" which support the latent national spirit and the material possession of its territory. And this is an ideal means of supporting peace and maintaining relations of cooperation and friendship with Peru.

Peru

Peru's Foreign Minister Views Talks With Ecuador

PY2401030496 Lima America Television Network in Spanish 0100 GMT 24 Jan 96

[FBIS Translated Text] During a meeting held behind closed doors with members of the congressional Foreign Relations Committee, Peruvian Foreign Minister Francisco Tudela explained the results of the first round of talks he held a few days ago with his Ecuadoran counterpart Galo Leoro. After his explanation, Tudela received unanimous support from the congressmen who gathered there.

[Begin recording] [Tudela] Peru has submitted a consistent proposal to Ecuador, stating that in 1992 Peru proposed the establishment of top-level rounds of military talks, a proposal which establishes that in 1992 Peru proposed a reduction in the purchase of weapons by 50 percent, a proposal which establishes that Peru for years has been recording its weapons purchases in the UN record of conventional weapons. Thus we expect, beyond mere speculation, a response to the concrete proposal Peru has submitted to the Ecuadoran delegation on 17 and 18 January 1996.

[First unidentified reporter] Is Peru in a position to purchase weapons?

[Tudela] Excuse me?

[Second unidentified reporter] [question indistinct]

[Tudela] Yes, we understand that this is the commitment.

[Reporter] Have you established some mechanisms for discussions at the next meeting?

[Tudela] We have established a mechanism by which, should there be an unresolvable disagreement in the talks on essential issues, we should adopt procedures to overcome this blockage. Peru has thus submitted a formula that is an extension of Article 7 of the Rio de Janeiro Protocol, which establishes that in case of a disagreement between the parties, that is, between Peru and Ecuador, they will have to resort to the guarantor countries to seek a solution to the disagreement. The Peruvian proposal is to make Article 7 of the Protocol compulsory. That is, when Peru and Ecuador find themselves at a point where they cannot reach an agreement during the talks, then the matter will be submitted to the guarantor countries, which will then

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submit a formula for consideration by the two parties. [end recording]

Peru To Negotiate Extended Agreement With IMF

PY2301180796 Lima America Television Network in Spanish 0100 GMT 23 Jan 96

[FBIS Translated Excerpt] According to President Alberto Fujimori, the Peruvian Government will negotiate a new extended facility agreement with the IMF before proceeding to undertake negotiations with the Paris Club with the ultimate objective of achieving a rescheduling and condoning of the Peruvian debt. Fujimori said this will allow a reduction in the servicing of the debt to $300 million per year.

[Begin recording] [Fujimori] In March it will be three years since Peru achieved an agreement with the IMF within the framework of the Letter of Intent.

In view of this, we have to renegotiate a new agreement. Moreover, the IMF mission is scheduled to visit us to verify if the goals of the fourth quarter of 1995 have been fulfilled. These goals have been fulfilled, of course.

[Unidentified reporter] Mr. President, is Peru renegotiating the term of the debt?

[Fujimori] No, look. To negotiate the refinancing of the debt with the Paris Club, that is, with creditor countries in April, we will first have to achieve an agreement with the IMF.

Why is it important to negotiate an agreement with the IMF and the Paris Club. It is important because if this is not done and if we continue with things as they are, Peru will have to pay approximately between $700 or $800 million per year, only for debts contracted with creditor countries.

[Reporter] The chief of state explained that the objective sought in the negotiations with the Paris Club is to have better terms, that is, for some creditor countries to condone the debt and to achieve the rescheduling of the debt so that the annual servicing would total somewhere between $300 and $350 million. [passage omitted] [end recording]

Peru's Opposition on Possible Reelection of President

PY2301223396 Madrid EFE in Spanish 1933 GMT 22 Jan 96

[FBIS Translated Text] Lima, 22 Jan (EFE) — The possibility of a second reelection of Peruvian President Alberto Fujimori in the year 2000 has triggered a political and constitutional debate as well as heated reaction from the radical political opposition.

A spokesman of the ruling majority in Congress stated last Saturday that the Peruvian president could be elected for a third consecutive period in the year 2000, when his second term ends, "because the Constitution allows this."

The Peruvian Constitution, approved in 1996 [as received], establishes that the president of the Republic can be reelected in a consecutive manner only once, and if he wants to run for a new term, he must wait one full government period.

Fujimori was elected for the first time in 1990 and reelected for a second term in 1995, in both cases by an overwhelming majority.

According to Victor Joy Way, first vice president of Congress and member of the government coalition Change 90-New Majority, the rules for reelection have been in effect since the implementation of the 1993 Constitution; thus, Fujimori's second election in 1995 cannot be considered a consecutive reelection.

The political opposition has categorically rejected this point of view and the most radical opposition sectors have even talked about a supposed "plan" to "perpetuate Fujimori in power, if necessary even with a coup d'etat."

This last possibility has been proposed by radical leftist congressman Daniel Estrada, representative of the Union for Peru Party (UPP), which is headed by former UN Secretary General Javier Perez de Cuellar and which groups politicians with different views.

According to Estrada, Joy Way's proposal "contradicts the Constitution and reality, and must be interpreted as a warning by the Armed Forces, which must take precautions as of now to prevent a second coup d'etat."

This Marxist legislator has thus referred to the "self-coup" Fujimori imposed in April 1992, through which he dissolved the previous Congress, intervened in the judicial branch, and assumed absolute powers until 1993, when he established a new legislative branch.

Opposition congresswoman Gabriela Fernandez Baca, of the UPP moderate line, has said that she supports the fact that the current executive branch established medium- and long-term government plans, "but not with the idea that the same person must carry them out."

This conflict has also reached the field of the jurists, where different points of view have also been expressed.

Constitutional expert Cesar Landa said that Joy Way's initiative "would be violating the essence of the presidential system approved by the 1993 Constitution."

Landa added: "The objections made by the opposition are valid because members of the 1993 constituent

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assembly have categorically rejected any attempt by a president to be reelected consecutively more than once."

His colleague Anibal Quiroga said that "either of the two interpretations — of the government or of the opposition — is valid, and congressmen will have the final word."

He said: "The Constitution is a political framework, and for this reason it cannot be rigid or strict, but can be interpreted by the legislators in accordance with the current political situation."

Thus, Quiroga said that "the interpretation of the constitutional rules on reelection will ultimately depend on the country's political situation. If by the year 2000 Peru has managed to take the path of development and notable changes have taken place, the decision will be for reelection; if not, the decision will be just the opposite," he said.

Poll: Support for Peru's President 70 Percent in Jan

PY2301223596 Madrid EFE in Spanish 0113 GMT 21 Jan 96

[FBIS Translated Text] Lima, 20 Jan (EFE) — According to a poll conducted by the Apoyo, Opinion y Mercado, the results of which were disclosed on 20 January, Peruvian President Alberto Fujimori obtained a 75 percent support rating in January. This is one of the highest percentages he has obtained in the past few months.

The poll was conducted in the first week of January, among 507 Lima residents selected at random.

In December, Fujimori obtained a 73 percent support rating, the same average figure he obtained throughout 1995.

According to the latest poll, only 16 percent disapproved of Fujimori's performance. This is one of the lowest percentages of disapproval Fujimori has obtained in comparison with previous months; in December, 17 percent of those polled disapproved of the president's performance, and the average disapproval rating throughout 1995 was 19 percent.

Fujimori obtained 64.2 percent of the votes in the April general elections, when he was reelected for the 1995-2000 term.

Fujimori has not ruled out the possibility of running for the presidency in the next century in view of the majority support for his administration and the implementation of reforms undertaken to achieve the pacification of the country, improve the economy and increase foreign investments, among other things.

While the administration obtained a 69 percent support rating, the poll shows that the opposition obtained only 36 percent. The antisubversive policy was approved by 81 percent of those polled (the highest support rating), while the economic policy received the support of 53 percent of those polled.

Regarding the economic situation, 47 percent of Peruvians believe that it will improve in the next 12 months, 22 percent believe it will remain unchanged, and 10 percent think that it will deteriorate.

Of those polled, 72 percent approve the recent appointment of General Ketin Vidal as Peruvian National Police director, while only 7 percent disapproved of it. Ketin Vidal masterminded the arrest of Abimael Guzman, fomer leader of the pro-Maoist Shining Path subversive organization.

Congressman Views Peruvian President's Reelection Plans

PY2301151696 Lima America Television Network in Spanish 0100 GMT 23 Jan 96

[FBIS Translated Text] Majority Bloc Congressman Victory Joy Way has explained the statement he made in Huanuco about President Alberto Fujimori's eventual reelection. Opposition congressmen, however, believe that Joy Way's statement may result in an action against democracy and a test balloon to measure public opinion.

[Begin recording, in progress] [First unidentified reporter] Would it suffice then to amend the Constitution to reelect President Fujimori for the second time?

[Joy Way] Look, I am no constitutional expert. We have been sounding the opinion of experts on the matter and they have expressed different opinions. I believe that at the proper time we will have to have an exact interpretation of the Constitution.

[Reporter] The administration has a majority in Congress and this may be done as it has been done in the past. Nevertheless, we want to know if President Fujimori has any political plans to remain in power.

[Joy Way] We want to continue with the government's socioeconomic development program. This is what everyone wants. We want to cease being described as a Third World country, which is characterized by adopting short—term objectives, three or five years after which a new administration comes along and changes the government program. We want to uphold a socioeconomic development program, which, moreover, is encompassed in the Constitution. If you read the different chapters of the Constitution, everything is clearly explained there.

[Popular Action Congressman Javier Alva Orlandini, in progress] ...but if it is a serious statement, this obviously shows there is an intention to replace a democratic

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government system with a dictatorship, an Oriental-style dynasty.

[Gustavo Mohme, Union of the Peruvian People congressman, in progress] ...long-term programs are not drafted to be implemented by a single individual. Successive administrations should make a commitment to the current national program and implement it during their respective administrations.

The fact that there is a government program, therefore, does not mean that there are any reelection plans. We believe that this is the second or third time the administration is launching this proposal to test public opinion and moving forward along these lines. [end recording]

Uruguay

Uruguayan Generals Support Designated Army Commander

PY2301235696 Buenos Aires TELAM in Spanish 1909 GMT 22 Jan 96

[Report by unidentified correspondent]

[FBIS Translated Text] Montevideo, 22 Jan (TELAM-SNI) — Defense Minister Raul Iturria confirmed today that the corps of Uruguayan Army generals issued a document expressing support for General Raul Mermot, who will be installed as Army commander in chief on 1 February.

The six-point document, drawn up by Lieutenant General Juan Curutchet, who — as established by current regulations — will retire on 1 February and who will be replaced by Mermot, was sent to all Army units last week.

The generals sought to clarify doubts spread by the local press on an alleged malaise among the Army top-ranking officers over replacements within the Army and the new assignments established by President Julio Maria Sanguinetti.

A few weeks ago, while the president was vacationing at the Anchorena presidential ranch, military echelons became concerned over the publication of documents from one of the lodges that operate within the Army.

Through the leftist Montevideo newspaper LA REPUBLICA and the evening daily ULTIMAS NOTICIAS, the so-called Artigas Lieutenants [Tenientes de Artigas] Lodge issued a communique, confirming its malaise over the changes that Sanguinetti implemented in the Army.

The lodge also reported that several generals would not attend Mermot's installation on 1 February, as a way of expressing protest.

The Artigas Lieutenants Lodge is a group of nostalgic military officers who support the activities of the Armed Forces during the military dictatorship that governed Uruguay between 1973 and 1985, and who disagree with Sanguinetti's policy toward the Army.

In their communiques, the Artigas Lieutenants Lodge accuses General Luis Pirez, the Army chief of staff, of having betrayed his comrades and Colonel Eduardo Ferro of being involved in dirty intelligence tasks. Both Pirez and Ferro have asked for a court of honor, as they felt that they have been openly denigrated.

Four groups or lodges, the Artigas Lieutenants, the Freemasonry [La Masoneria], the Sauerkraut Group [Grupo Chucrut], and The Rodesca [La Rodesca], as well as officers described as independent, operate within the Uruguayan military echelons.

In recent remarks to local journalists, Lieutenant General Curutchet admitted the existence of lodges in the Army. He said: "They are a reality for society and for the men." In his opinion, the communiques issued by these groups "have not been detrimental to the Army's image, but to the image of some Army members."

Uruguay Rejects Death Penalty for Traffickers in Mercosur

PY2301162196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1916 GMT 22 Jan 96

[FBIS Translated Text] Montevideo, 22 Jan (AFP-NA) — Official sources have pointed out that the Uruguayan Government today rejected the possibility of implementing the death penalty against drug traffickers within the Common Market of the South (Mercosur) area, an idea that was expressed by Argentine President Carlos Menem.

The Uruguayan Government sources emphasized: "Uruguay will not accept implementing the death penalty for any type of crime. We will reject any proposal of this type raised at the Mercosur level." Mercosur is a customs union, comprising Argentina, Brazil, Paraguay, and Uruguay.

The announcement was made by Uruguayan presidential officials who, along with Sanguinetti, today resumed their activities after enjoying a 20-day leave.

The Uruguayan stance was announced in response to remarks made by the Argentine president, which have been published by Brazilian newspapers, emphasizing that he would propose to his Mercosur counterparts to harmonize the penal laws against drug trafficking and sentence violators to death.

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The sources added: "We agree with Menem's proposal of reviewing the penal laws on this type of crime and enhancing the coordination for repressing drug trafficking in our region. Nevertheless, we reject including the death penalty issue on the presidential agenda."

Venezuela

Venezuelan Students Clash With Riot Police

PA2301230796 Paris AFP in Spanish 1635 GMT 23 Jan 96

[FBIS Translated Text] Caracas, 23 Jan (AFP) — University students clashed at noon Tuesday with riot police near the Central University of Venezuela (UVC), while radio stations reported that disturbances flared up in the El Paraiso sector, in the east-central part of the city.

No reports of arrests or injuries have been reported in these new clashes, which occurred when university students tried to join a protest march called by labor unions that oppose a bill to eliminate the annual accumulation of pensions.

The protest march called by the General Confederation of Workers (CGT), the United Federation of Venezuelan Workers (CUTV), and other large unions was moving around the downtown area where Congress is located. On 23 January, Congress began a special session to discuss 11 financial and economic measures, among which the most controversial is the pension issue.

The university students were contained near the UCV located in a strategic access road in east-central Caracas, where the clashes occurred.

Riot police used tear gas, causing a traffic jam.

Caracas radio stations reported violent street outbreaks in El Paraiso in which students of the Pedagogical Institute in that sector played a major role.

Downtown, students of the belligerent Fermin Toro who staged the first disturbances of the year in Caracas last night waited in anticipation.

One student was injured last night when a bullet grazed his arm.

Colombia's Cordiplan Minister Views Fluctuation Band System

PA2001004796 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Jan 96

[Report by Zaida Pereira]

[FBIS Translated Text] The exchange control could be substituted by a fluctuation band system, which was suggested by the IMF. The government is studying this proposal.

Office of Coordination and Planning Minister [Cordiplan] Edgar Paredes Pisani said this will be possible once the Brady dollar is stabilized with the official dollar, for which foreign currency backup is needed.

This issue is an important part of the agreements, as well as other prospects to be discussed with the multilateral agencies during the last round of talks next week.

Reaching a macroeconomic, exchange, fiscal, and monetary balance is among the most important aspects to be discussed.

[Begin Paredes Pisani recording] The international community will endorse this program as long as they see that we have reached a consensus among government, opposition, the different parties, businessmen, and workers; that we have the support of important institutions like the Catholic Church, and the churches in general; and that we all support this program. [end recording]

With regard to the budget of the Exchange Administration Board, Paredes Pisani noted the government allocated for the first quarter $1.6 billion million, which will cover all estimated exports.

Venezuelan Labor Minister on Workers' Benefits

PA1801022096 Caracas EL UNIVERSAL in Spanish 14 Jan 96 p 2-1

[Interview with Labor Minister Juan Nepomuceno Garrido by EL UNIVERSAL reporters Elides J. Rojas L. and Manuel Lopez Calo; place and date not given]

[FBIS Translated Text] [EL UNIVERSAL] What is the purpose of the proposal for modifying the social benefits system?

[Garrido] The idea is to offer the workers the possibility of choosing between the plan offered by the Labor Law or seeking an alternate system that will provide them with more benefits, or — as the law itself says — making it possible to earn salaries that will allow them to purchase a greater amount of goods and services in view of the current inflation in the country. In addition, it should provide the first steps toward a system of social welfare, such as the funds for individual capitalization.

[EL UNIVERSAL] It is said that there is a draft law to this effect that was sent to the president.

[Garrido] Last Tuesday, we were glad to learn that the workers and businessmen reached points of consensus on what they thought should be the contents of this new alternate system. That pleased me, because it

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was obtained through the mediation of the Labor Ministry, that is, through me as a representative of the government. All three groups shared a common view. Please note that I am being very careful not to use the word agreement, because this would seem like it was a closed deal, and that is not the case. The Tripartite Commission explored those points that could be included in a law that were considered advisable by the workers and that the businessmen could comply with.

[EL UNIVERSAL] At the end of the tripartite meeting, there were several different versions of the proposal.

[Garrido] The minutes of the meeting were not signed by anyone, but they record the proposals made at that time. This marks a difference with the draft law. My mission now is to render that information into articles, and I have to be very careful because any expression I use could be considered by the businessmen or the workers as a variation on the points of coincidence.

[EL UNIVERSAL] Once the new system is implemented, will the workers receive payment immediately?

[Garrido] The term payment is to be understood as a legal obligation of the employer toward the employees and not as an annual disbursement of this obligation. The seniority compensation payment becomes a savings for the worker. If the worker decides to turn this over to the employer, then it will have to be deposited into an account, and he must be paid interest on these funds.

The interest earned will be according to the fixed interest rate paid by the banks for savings, but if the inflation rate is higher than the interest rate — negative interest rate — the employer will pay the difference according to what the banks are charging for the loans they grant.

[EL UNIVERSAL] What will be the immediate advantages?

[Garrido] The worker will have periodic salary adjustments and savings with his seniority compensation payment. The system will be adjusted better to the needs for revenue than the current law.

[EL UNIVERSAL] Does the alternate system establish an automatic annual settlement?

[Garrido] It is an automatic annual settlement inasmuch as it frees the employer from the principal. The deposits into the worker's account will be estimated as follows: After one year, it will be equivalent to 30 days' salary; after two or more years, 60 days salary. There is an additional advantage for the worker who is in the current system and decides to join the new one, namely, that he keeps his seniority compensation payment in the enterprise for estimating his deposits.

[EL UNIVERSAL] Will a term be established for paying the benefits accrued under the current law?

[Garrido] The employer must comply with what the current law establishes. If a trust fund has not been created, then the company must enter an individual registration in its books for the amount of the annual settlement. If the worker has been with the company for 11 years, a deposit is made of 11 years based on the latest salary. If the worker joins the new system, the successive deposits are estimated according to the new methods. Companies that have established trust funds will transfer the successive payments to that account.

[EL UNIVERSAL] Will an immediate payment be made?

[Garrido] There was no consensus on direct payment in cash. The workers do not want their seniority compensation payments turned into some sort of a salary. If they receive cash payment, there is the temptation to spend it, and they will lose their savings.

[EL UNIVERSAL] Has a double payment been proposed?

[Garrido] There are no reasons for paying double compensations. The labor relationship is maintained, and the benefits of the Labor Law continue in effect. The change is the possibility of joining a new system for estimating the seniority compensation payment. If the worker decides to join this system because he will obtain greater benefits and he continues working, there is no justification for making double deposits in his account, because that constitutes a penalty for an employer when he unjustly dismisses a worker.

[EL UNIVERSAL] Will double compensations be kept for unjustified dismissals?

[Garrido] If an employer establishes in a compulsory manner that the workers must join the new system, then this would justify double compensation. However, this situation is not covered in the minutes of the Tripartite Commission meeting. Under the new proposal, if the dismissal is justified, compensation will be paid based on a maximum of five months' salary.

[EL UNIVERSAL] Regardless of the years of seniority?

[Garrido] One month's salary for each year up to maximum of five years is considered in effect.

[EL UNIVERSAL] What if the worker voluntarily decides to leave the company?

[Garrido] He is guaranteed payment of all his acquired rights, fringe benefits, and payment of new deposits if he changes into the system.

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[EL UNIVERSAL] And the other benefits established by the Labor Law?

[Garrido] They continue to be paid; the Labor Law has not been changed. Contract benefits and collective bargaining are maintained. The workers who decide to stay under the protection of the current system have to negotiate individually an increase with their employer, or — if there is a collective bargaining contract — this contract should establish the increase, because the Labor Law is not being abolished.

[EL UNIVERSAL] What percentages will be used in the case of people who work on commission and those who do piecework?

[Garrido] This is something that is not included in the minutes, but we must conclude something based on the points of coincidence of the Tripartite Commission. It could vary according to what the representatives from both sides decide. What is not provided for in the alternate estimates, will be done according to the Labor Law. We have the case of domestic workers and the doormen in buildings. These are some of the points that must be clarified with the commission.

[EL UNIVERSAL] Will it be a law that is an alternate to the Labor Law?

[Garrido] No, it is a special law that is provided for according to Article 120 of the Labor Law. Once this step has been completed, we must update the social security system.

[EL UNIVERSAL] Was the issue of social security and the Venezuelan Social Security Institute brought up?

[EL UNIVERSAL] No, that is a topic in another agenda of the Tripartite Commission. Once we have concluded this task, we will move on to the issue of social security and the pensions fund.

[EL UNIVERSAL] Does the public sector have the funds available for implementing the new system?

[Garrido] The public sector has a debt that it has not determined because compensation is paid when the worker leaves. The possibilities of complying with these obligations are many. Trust funds can be established by issuing public debt securities that pay real interest rates; it can be paid with shares from enterprises to be privatized; or by accepting that public debt as a down payment for purchasing a home. Resources could also be obtained from additional revenues.

[EL UNIVERSAL] Was the alternative of using part of the shares of Venezuelan Petroleum Inc. as payment analyzed?

[Garrido] No, it was not considered as an alternative.

[EL UNIVERSAL] Do you think there is support from Congress for the approval of this draft?

[Garrido] Yes, I think so.

[EL UNIVERSAL] What factors promoted a consensus among the workers and the businessmen?

[Garrido] The working class has matured a lot. The possibility of modifying the Labor Law has been discussed since 1985, from the time when the president of the Republic and I proposed it; 10 years is sufficient time for maturing and understanding these new changes.

Venezuelan Party Hopes For Political Change in Cuba

PA2301040896 Caracas EL GLOBO in Spanish 16 Jan 96 p 4

[Article by Luz Melly Reyes]

[FBIS Translated Text] The Christian Democrats definitely have their eyes set on Cuba to ensure that the economic opening promoted by President Fidel Castro is accompanied by greater political flexibility.

This organization, which brings together representatives of the humanistic current worldwide, is interested in the reunification of its followers in Venezuela in one unit, that is, Copei [Social Christian Party].

The Executive Committee of Christian Democrat International [CDI] met on 15 January in Caracas to mark the 50th anniversary of Copei. The meeting was attended by prominent political personalities from throughout the world who follow this humanistic current.

The meeting was opened by Senator Luis Herrera Campins and headed by Patricio Aylwin, honorary CDI president and former Chilean president; Ricardo Arias Calderon, CDI president and former Panamanian government leader; and Javier Ruperez, CDI secretary general and spokesman for the Popular Party in the Spanish Congress.

At a meeting with reporters, Arias Calderon called for the unification of Christian Democrats in Venezuela. He added that during a dinner with President Caldera (yesterday), there will be a discussion between Christian Democrats.

"Ours is an integrationist ideology. We seek the integration of those who share the same values," Arias Calderon pointed out.

There is great expectation at home and abroad over the possible reunification of Copei and National Convergence to the point that German Chancellor Helmut Kohl referred to it during his speech.

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As for CDI's goals, Arias Calderon said that a working group on Cuba was established to support that country's initiatives regarding civilian organizations that follow a humanist ideology and that seek to recreate in the political arena the positive changes produced by the government in the economic area.

Czech Republic To Import, Market Venezuelan Orimulsion

PA1901205996 Caracas ECONOMIA HOY in Spanish 16 Jan 96 p 21

[Report by Ana Carolina Griffin]

[FBIS Translated Text] Venezuela and the Czech Republic might establish strategic joint ventures in orimulsion to market this Venezuelan product in East Europe. The information was given by Minister Werner Corrales, president of the Foreign Trade Institute (ICE), in a news conference he held with his Czech counterpart, Vladimir Dlouhy.

The Czech industry and trade minister and Minister Corrales signed a trade agreement yesterday that will serve as a framework to regulate the exchange of assets and services between the two countries.

The Czech Government representative arrived accompanied by a group of businessmen from the petrochemical, finance, steelworks, cement, and transportation sectors. They will meet with Venezuelan Investment Fund [FIV], PDVSA [Venezuelan Petroleum, Inc.], Bitor, Inc. [expansion unknown], and CVG [Venezuelan Guyana Corporation] representatives.

In any case, the possibility of reaching an agreement on orimulsion depends on the Czech minister's talks with Bitor, Inc. representatives, with whom he was scheduled to meet yesterday afternoon.

If an agreement is reached — as expected — this would be the Czech Republic's first orimulsion purchase.

The Czech minister said, in excellent Spanish, that they were gathering information on the Venezuelan fuel's technical processes in order to replace energy resources from Arab countries.

Asked about the Venezuelan Government's guarantees to Czech investors, he said they are following the Venezuelan economy's development given the possibility of signing an agreement with the IMF, on which he preferred not to comment. He also said he had learned about the national financial system's crisis, but, in any case, Venezuela's energy resources make it a country in which investments are still possible, given the government's economic policies.

The visit represents the second of three steps intended to create a legal framework for economic relations between the Czech Republic and Venezuela.

An agreement was reached last year, during Czech Foreign Minister Josef Zieleniec's visit to Caracas, for the protection and promotion of investments between the two countries. An agreement dealing with trade negotiations was signed yesterday and the Venezuelan foreign minister is expected to make an official visit to Prague later this quarter. While there, he will sign an agreement to prevent double taxation between the two countries, a document on which they have been working since 1993.

In quantitative terms, trade relations are favorable to the Czech Republic, totaling $2.8 million in 1995. Venezuelan exports to that country totaled $1.5 million in 1994, and imports from the Czech Republic totaled $3.8 million. Minister Dlouhy optimistically said trade might total $6 million in 1996 given this development in the two countries' relations.

The privatization process carried out by the Czech Government has been successful, so its representatives are expected to play an advisory role on this issue. The Czech industry and trade minister will meet with FIV President Alberto Poletto this morning to analyze this possibility and learn about the basic industries' privatization process, in which the Czechs have shown interest.

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